



## East Herts Council Audit & Governance Committee

26 November 2025  
Shared Internal Audit Service –  
Progress Report

### Recommendations

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Note the Implementation Status of High Priority Recommendations

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# 1 Introduction and Background

## Purpose of Report

- 1.1 To provide Members with:
- a) The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2025/26 Internal Audit Plan to 7 November 2025.
  - b) The findings for the period 13 September 2025 to 7 November 2025.
  - c) Details of any changes required to the approved Internal Audit Plan.
  - d) The implementation status of previously agreed audit recommendations.
  - e) An update on performance management information to 7 November 2025.

## Background

- 1.2 Internal Audit's Annual Plan for 2025/26 was approved by the Audit & Governance Committee at its meeting on 22 April 2025. The Audit & Governance Committee receive periodic updates against the Internal Audit Plan. This is the second update report for 2025/26.
- 1.3 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 function is fulfilling its statutory obligations. It is considered good practice that progress reports also include details of changes to the agreed Annual Internal Audit Plan.

# 2 Audit Plan Update

## Delivery of Internal Audit Plan and Key Audit Findings

- 2.1 As of 7 November 2025, 35% of the 2025/26 Internal Audit Plan days have been delivered (the calculation excludes any contingency days that have not yet been allocated).
- 2.2 The following final report has also been issued since 12 September 2025:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Parks & Open Spaces	Oct 2025	Substantial	One Low Priority, One Advisory Action

See definitions for the above assurance levels and recommendation priorities at Appendix D.

- 2.3 The table below summarises the position regarding delivery of the 2025/26 approved projects to 7 November 2025. Appendix A provides a status update on each individual project within the 2025/26 Internal Audit Plan.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	4	17%
Draft Report Issued	0	0%
In Fieldwork/Quality Review	10	41%
In Planning/Terms of Reference Issued	6	25%
Allocated	4	17%
Not Yet Allocated	0	0%
Cancelled/Deferred	0	0%
<b>Total</b>	<b>24</b>	<b>100%</b>

#### Internal Audit Plan Changes

- 2.4 There has not been any Internal Audit Plan changes since it was approved by this Committee on 22 April 2025.

#### Critical and High Priority Recommendations

- 2.5 Members will be aware that a Final Audit Report is issued when it has been agreed ("signed off") by management; this includes an agreement to implement the recommendations that have been made.
- 2.6 The schedule attached at Appendix B details any outstanding Critical and High priority audit recommendations. No new Critical or High Priority recommendations are shown in the schedule.

#### Performance Management

- 2.7 The 2025/26 annual performance indicators were approved at the SIAS Board meeting in March 2025.
- 2.8 The actual performance for East Herts Council against the targets that can be monitored in year is set out in the table overleaf:

Performance Indicator	Performance Target for 31 March 2026	Profiled Performance 7 Nov 2025	Actual Performance 7 Nov 2025	Notes
<b>1. Planned Days</b> – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	45%	35%	86 days delivered out of the current 245 days planned
<b>2. Planned Projects</b> * – percentage of actual completed projects to draft report stage against planned completed projects by 31 March 2026	90%	30%	17%	4 projects to draft or final report from the 24 planned
<b>3. Client Satisfaction</b> – percentage of client satisfaction questionnaires returned at 'satisfactory' level	90%	90%	100%	Based on the results of the 2 completed questionnaire received (from the 4 issued)
<b>4. Number of High and Critical Priority Audit Recommendations agreed as a percentage</b>	95%	N/A	N/A	No High Priority recommendations have been made during 2025/26

\* Based on Audit Plan 'deliverables' at draft and final stage, and items carried forward from 2024/25 that were not at draft report stage by 31 March 2025.

2.9 In addition, the performance targets listed below are annual in nature. Members will be updated on the performance against these targets within a separate Annual Report:

- **5. Annual Plan** – prepared in time to present to the March meeting of each Audit & Governance Committee. If there is no March meeting, then the Plan should be prepared for the first meeting of the financial year. This indicator was achieved for 2025/26 as the audit plan for the financial year 2025/26 was presented to the Audit & Governance Committee in April 2025.
- **6. Planned Projects** - percentage of actual completed projects to final report stage against planned completed projects. This was reported to the committee in May 2025
- **7. Chief Audit Executive's Annual Report** – presented at first available 2025/26 meeting of the Audit & Governance Committee. This indicator was achieved for 2025/26 as the Client Audit Manager's Annual Report (for 2024/25) was presented to the May 2025 meeting of this committee.

- 2.10 We currently report no risks to the delivery of a robust annual assurance opinion. However, it should be noted that EHC Plan delivery is currently behind the planned profile. This is a service wide performance issue which was reported to the SIAS Board with the following reasons:
- a) Recruitment to two existing trainee auditor vacancies during quarter one, with both not starting until quarter two.
  - b) Some audits being pushed back at client request, thereby altering the profile of delivery.
  - c) Sickness absence of one of our Client Audit Managers, thereby impacting on the pace of delivery of some audits.
  - d) Delays in our external co-sourced partner being able to commence some of their allocated audits.
  - e) Some low-level anecdotal evidence of senior staff at partners experiencing capacity challenges linked to LGR. This is a known risk talking to Heads of Internal Audit who have already been through this process.

The current EHC deficit against the profile is largely attributable to delays in delivering the Homelessness, Premises Licensing Follow Up and BEAM audits. The audit sponsors for these audits are aware of this position.

## APPENDIX A - PROGRESS AGAINST THE 2025/26 INTERNAL AUDIT PLAN

### 2025/26 Internal Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Key Financial Systems – 60 days									
Business Rates (shared with SBC)						60	Yes	11	In Fieldwork
Council Tax (shared with SBC)							Yes		In Fieldwork
Housing Benefits (shared with SBC)							Yes		In Fieldwork
Treasury Management							Yes		In Planning
Accounts Receivable							Yes		Allocated
Accounts Payable							Yes		Allocated
Payroll							Yes		Allocated
Insurance	Substantial	0	0	0	1		Yes		Final Report Issued
Cash & Banking							Yes		In Fieldwork
Operational Services – 50 days									
BEAM						15	Yes	9.5	In Fieldwork
Premises Licensing Follow Up Audit						5	Yes	1	In Fieldwork
Park & Open Spaces	Substantial	0	0	0	2	10	Yes	10	Final Report Issued
Waste & Recycling						10	Yes	3	In Fieldwork
Old River Lane						10	Yes	1.5	ToR Issued
Corporate Services/Themes – 68 days									
On Demand Grant Audits						6	No	0	Not Yet Allocated
Transformation Project Assurance						10	Yes	0.5	In Planning
Business Support						10	Yes	0	Allocated
Corporate Governance						6	Yes	0.5	In Planning
Equality, Diversity & Inclusion						10	Yes	0.5	In Planning
Procurement Act						10	Yes	3.5	In Fieldwork
Risk Management						6	Yes	0.5	In Planning

## APPENDIX A - PROGRESS AGAINST THE 2025/26 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Social Media	Reasonable	0	0	2	4	10	Yes	10	Final Report Issued
<b>IT Audits – 6 days</b>									
Cyber Security – Reliance on Alternative Assurance						6	Yes	2	In Fieldwork
<b>Completion of Deferred Projects – 10 days</b>									
Homelessness						9	Yes	4.5	In Fieldwork
IT Hardware Inventory	Reasonable	0	0	2	0	1	Yes	1	Final Report Issued
<b>Contingency – 5 days</b>									
Contingency						5		0	Through Year
<b>Strategic Support – 51 days</b>									
Head of Internal Audit Annual Report						3	Yes	3	Complete
Audit & Governance Committee & Recommendation Follow Up						12	Yes	7	Through Year
Client Engagement & Adhoc Advice						8	Yes	6	Through Year
2026/27 Audit Planning						6	Yes	0	Allocated
SIAS Service Development						10	Yes	5	Through Year
Plan & Progress Monitoring						12	Yes	6	Through Year
<b>SBC TOTAL</b>		<b>0</b>	<b>0</b>	<b>4</b>	<b>7</b>	<b>250</b>		<b>86</b>	
* C = Critical Priority, H = High Priority, M = Medium Priority, LA = Low/Advisory Priority									



## APPENDIX B: IMPLEMENTATION STATUS OF CRITICAL AND HIGH PRIORITY RECOMMENDATIONS

The following appendix provides Audit & Governance Committee Members with a summary of the most recent update provided by management in respect of any outstanding critical and high priority recommendations.

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Nov 2025)
1.	<b>Premises Licensing (issued Oct 2024)</b>	<p><b><u>High Priority Recommendation:</u></b>  <u>To address audit findings that relate to fee administration and collection.</u></p> <p>We recommend that a full business process review is completed to allow the annual maintenance fee to be administered and fees collected in an efficient and effective manner. Any review should address weaknesses in:</p> <ul style="list-style-type: none"> <li>• Inter-departmental communication.</li> <li>• Aged debt monitoring and recovery.</li> <li>• Accuracy and completeness of records relating to premises licencing.</li> <li>• Arrangements for suspending licenses.</li> <li>• Defining the roles and responsibilities of the Licensing Officers.</li> <li>• Accuracy and completeness of procedure notes, including those relating to annual maintenance fees.</li> </ul> <p><b><u>Agreed Management Actions(s):</u></b></p> <p>A cross service working group will be formed, chaired by OR. Including licensing, finance, and the transformation team.</p> <p>Transformation will support the preprocess re-engineering. Group to be tasked with addressing all the issues in the audit by the end of September 2025.</p> <p>The group will initially draw up a timetabled action plan to be signed off by JG. Quarterly updates to JG. Any barriers to improvement or issues requiring corporate input will be escalated by JG to leadership team to ensure all the identified issues are addressed.</p>	<p><b>Responsible Officer:</b>  Oliver Rawlings (OR) / Jonathan Geall (JG).</p> <p><b>Original Due Date:</b>  September 2025.</p> <p><b>Revised Due Date:</b>  December 2025.</p>	<p>Nov 2025.  Significant progress has been made with implementing the agreed management actions and there are no barriers to completing them. However, re-engineering business processes has been a bigger undertaking than originally anticipated, hence the revised due date.</p>	Partially implemented.

## **APPENDIX C: INTERNAL AUDIT PLAN 2025/26 – PLANNED AUDIT START DATES**

<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>
<b>IT Hardware Inventory c/f from 2024/25 Final Report Issued</b>	<b>Social Media Final Report Issued</b>	<b>Parks &amp; Open Spaces b/f from July Final Report Issued</b>	<b>Follow Up Audit (Premises Licensing) b/f from August In Fieldwork</b>	<b>BEAM c/f from July In Fieldwork</b>	<b>Cyber Security In Fieldwork</b>
<b>Insurance Final Report Issued</b>				<b>Homelessness c/f from April In Fieldwork</b>	
<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>
<b>Waste &amp; Recycling c/f from September In Fieldwork</b>	<b>Business Rates In Fieldwork</b>	<b>Equality, Diversity &amp; Inclusion In Planning</b>	<b>Accounts Receivable Allocated</b>	<b>Accounts Payable Allocated</b>	
<b>Procurement Act c/f from June In Fieldwork</b>	<b>Housing Benefits In Fieldwork</b>	<b>Treasury Management In Planning</b>	<b>Transformation Project Assurance In Planning</b>	<b>Business Support Allocated</b>	
<b>Council Tax In Fieldwork</b>	<b>Cash &amp; Banking In Fieldwork</b>	<b>Risk Management In Planning</b>	<b>Corporate Governance In Planning</b>	<b>Payroll Allocated</b>	
	<b>Old River Lane ToR Issued</b>				

## **APPENDIX D - ASSURANCE / RECOMMENDATION PRIORITY LEVELS**

<b>Audit Opinions</b>		
<b>Assurance Level</b>		<b>Definition</b>
<b>Assurance Reviews</b>		
<b>Substantial</b>		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.
<b>Reasonable</b>		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.
<b>Limited</b>		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.
<b>No</b>		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.
<b>Not Assessed</b>		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.
<b>Grant / Funding Certification Reviews</b>		
<b>Unqualified</b>		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.
<b>Qualified</b>		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.
<b>Disclaimer Opinion</b>		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.
<b>Adverse Opinion</b>		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.
<b>Recommendation Priority Levels</b>		
<b>Priority Level</b>		<b>Definition</b>
<b>Corporate</b>	<b>Critical</b>	Audit findings which, in the present state, represent a serious risk to the organisation, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
<b>Service</b>	<b>High</b>	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.
	<b>Medium</b>	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.
	<b>Low</b>	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.