



Stevenage Borough Council Audit Committee

3 September 2025
Shared Internal Audit Service –
Progress Report

Recommendations

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Note the Status of Critical, High, and Medium 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 15 August 2025.
 - b) The findings for the period 1 April 2025 to 15 August 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 15 August 2025.

Background

- 1.2 Internal Audit's Annual Plan for 2025/26 was approved by the Audit Committee at its meeting on 25 March 2025. The Audit Committee receive periodic updates against the Internal Audit Plan. This is the first 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 15 August 2025, 23% of the 2025/26 Internal Audit Plan days have been delivered (the calculation excludes contingency days that have not yet been allocated).
- 2.2 The following final reports have been issued since 1 April 2025:

| Audit Title | Date of Issue | Assurance Level | Number of Recommendations |
|---|---------------|-----------------|---------------------------|
| Insurance | June 2025 | Substantial | Two Advisory |
| Garages | Aug 2025 | Reasonable | Two Medium, One Advisory |
| Social Housing Decarbonisation Funding (SHDF) Grant | Aug 2025 | Unqualified | None |

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 15 August 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 | 3 | 9% |
| Draft Report Issued | 2 | 6% |
| In Fieldwork/Quality Review | 3 | 9% |
| In Planning/Terms of Reference Issued | 5 | 16% |
| Allocated | 5 | 16% |
| Not Yet Allocated | 14 | 44% |
| Cancelled/Deferred | 0 | 0% |
| Total | 32 | 100% |

Internal Audit Plan Changes

- 2.4 There has not been any Internal Audit Plan changes since it was approved by this Committee on 25 March 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, High, and Medium priority audit recommendations. Two new Medium Priority recommendations are shown in the schedule. These recommendations are from an audit of Garages.

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 Stevenage Borough 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 15 Aug 2025 | Actual Performance 15 Aug 2025 | Notes |
|--|--------------------------------------|----------------------------------|--------------------------------|--|
| 1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency) | 95% | 24% | 23% | 67.5 days delivered out of the current 295 days planned |
| 2. Planned Projects * – percentage of actual completed projects to draft report stage against planned completed projects by 31 March 2026 | 90% | 19% | 16% | 5 projects to draft or final report from the 32 planned |
| 3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level | 90% | 100% | 100% | Based on the results of the 2 completed questionnaire received (from the 5 issued) |
| 4. Number of High and Critical Priority Audit Recommendations agreed as a percentage | 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 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 Committee in March 2025.
- **6. Planned Projects** - percentage of actual completed projects to final report stage against planned completed projects.
- **7. Chief Audit Executive's Annual Report** – presented at first 2025/26 meeting of the Audit Committee. This indicator was achieved for 2025/26 as the Client Audit Manager's Annual Report (for 2024/25) was presented to the June 2025 meeting of this committee.

- 2.10 Whilst Plan delivery is naturally subject to a continued stable establishment and availability of client officers to support audits, we currently report no risks to the delivery of a robust annual assurance opinion.

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 – 74 days | | | | | | | | | |
| Business Rates (shared with EHC) | | | | | | 74 | No | 6 | Not Yet Allocated |
| Council Tax (shared with EHC) | | | | | | | No | | Not Yet Allocated |
| Housing Benefits (shared with EHC) | | | | | | | No | | Not Yet Allocated |
| Treasury Management | | | | | | | No | | Not Yet Allocated |
| Debtors | | | | | | | No | | Not Yet Allocated |
| Creditors | | | | | | | No | | Not Yet Allocated |
| Payroll | | | | | | | No | | Not Yet Allocated |
| Insurance | Substantial | 0 | 0 | 0 | 2 | | Yes | | Final Report Issued |
| Housing Rents | | | | | | | No | | Not Yet Allocated |
| Cash & Banking | | | | | | No | Not Yet Allocated | | |
| Operational Services – 94 days | | | | | | | | | |
| Housing Repairs | | | | | | 12 | Yes | 0.5 | In Planning |
| Building Safety Compliance Checks (x2) | | | | | | 12 | Yes | 0.5 | In Planning |
| Recycling | | | | | | 10 | No | 0 | Not Yet Allocated |
| Park & Open Spaces | | | | | | 10 | Yes | 3 | In Fieldwork |
| Follow Up Audit Provision (x2) | | | | | | 10 | Yes | 0 | Allocated |
| Housing Register & Allocations | | | | | | 10 | Yes | 0 | Allocated |
| Building Security | | | | | | 10 | Yes | 9.5 | Draft Report Issued |
| Damp & Mould | | | | | | 10 | Yes | 0.5 | In Planning |
| Garages | Reasonable | 0 | 0 | 2 | 1 | 10 | Yes | 10 | Final Report Issued |
| Corporate Services/Themes – 60 days | | | | | | | | | |
| Review of Audit Committee | | | | | | 6 | Yes | 1.5 | ToR Issued |
| Transformation/Change Management | | | | | | 6 | No | 0 | Not Yet Allocated |

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 | | | | |
| Risk Management | | | | | | 6 | No | 0 | Not Yet Allocated |
| Corporate Governance | | | | | | 6 | No | 0 | Not Yet Allocated |
| SHDF Grant Audit | Unqualified | 0 | 0 | 0 | 0 | 6 | Yes | 6 | Final Report Issued |
| Equality, Diversity & Inclusion | | | | | | 6 | No | 0 | Not Yet Allocated |
| Social Media/Communications | | | | | | 8 | Yes | 0 | Allocated |
| Procurement Act | | | | | | 8 | Yes | 4 | In Fieldwork |
| Ombudsman Referrals | | | | | | 8 | Yes | 4 | In Fieldwork |
| IT Audits – 6 days | | | | | | | | | |
| Cyber Security – Reliance on Alternative Assurance | | | | | | 6 | Yes | 0 | Allocated |
| Completion of 2024/25 Projects – 10 days | | | | | | | | | |
| Hardware Inventory | | | | | | 10 | Yes | 9.5 | Draft Report Issued |
| Contingency – 5 days | | | | | | | | | |
| Contingency | | | | | | 5 | | 0 | Through Year |
| Strategic Support – 51 days | | | | | | | | | |
| Head of Internal Audit Annual Report | | | | | | 3 | Yes | 3 | Complete |
| Audit Committee & Recommendation Follow Up | | | | | | 12 | Yes | 1.5 | Through Year |
| Client Engagement & Adhoc Advice | | | | | | 8 | Yes | 4 | Through Year |
| 2026/27 Audit Planning | | | | | | 6 | Yes | 0 | Allocated |
| SIAS Service Development | | | | | | 10 | Yes | 0 | Through Year |
| Plan & Progress Monitoring | | | | | | 12 | Yes | 4 | Through Year |
| SBC TOTAL | | 0 | 0 | 2 | 3 | 300 | | 67.5 | |
| * C = Critical Priority, H = High Priority, M = Medium Priority, LA = Low/Advisory Priority | | | | | | | | | |

APPENDIX B: IMPLEMENTATION STATUS OF HIGH AND MEDIUM PRIORITY RECOMMENDATIONS

The following appendix provides Audit Committee Members with a summary of the most recent update provided by management in respect of any outstanding critical, high and medium 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 (Aug 2025) |
|-----|--------------|---|--|--|-------------------------------------|
| 1. | Garages. | <p><u>Medium Priority Recommendation:</u> To address audit findings that relate reviewing policies & procedures. We recommend that the Garage Management Services Policies and accompanying internal procedures are reviewed and updated. This should include any documentation that is published on the Council's website so that a consistent approach is accessible to all. We also suggest that this information be reviewed and updated on the Council's website to reflect that it is completed annually.</p> <p><u>Agreed Management Actions(s):</u> Whilst there is a Garage Management Services policy available it is acknowledged this does not have version control or review dates documented despite being updated regularly.</p> | <p>Responsible Officer: Garage Manager.</p> <p>Due Date: 30/09/2025.</p> | <p><u>August 2025.</u> New recommendation. The management response opposite is the latest comment.</p> | Not Yet Due. |
| 2. | Garages. | <p><u>Medium Priority Recommendation:</u> To address audit findings that relate to policy and procedures. We recommend that the service develop an Enforcement and Recovery Policy or process document outlining a clearly defined procedure for each stage of enforcement and recovery, ensuring alignment with the Garage Management Services Policy and other relevant Council guidance. This policy should be presented to Senior Management for approval and then reviewed annually. Where feasible, an officer should prioritise the daily or weekly follow-up of outstanding debts to help ensure final bills are issued promptly.</p> <p><u>Agreed Management Actions(s):</u> The need for this policy is recognised and will enable garage customers to clearly see the enforcement and recovery process when renting a garage. The back log issuing final bills to former tenants has now been cleared as of 31 July 2025. This will now be actioned weekly moving forward.</p> | <p>Responsible Officer: Garage Manager.</p> <p>Due Date: 31/10/2025.</p> | <p><u>August 2025.</u> New recommendation. The management response opposite is the latest comment.</p> | Not Yet Due. |

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

| April | May | June | July | August | September |
|--|--|--|--|--|---|
| IT Hardware Inventory (c/f from Q4 2024/25) Draft Report Issued | Building Security Draft Report Issued | Procurement Act In Fieldwork | Ombudsman Referrals In Fieldwork | Equality, Diversity & Inclusion Not Yet Allocated | Building Safety Checks (1) In Planning |
| Insurance Final Report Issued | Garages Final Report Issued | SHDF Grant Audit Final Report Issued | Housing Repairs In Planning (c/f from June) | Social Media/Communication Allocated | Recycling Not Yet Allocated |
| | | | Parks & Open Spaces In Fieldwork | Follow Up Audit (1) Allocated | Housing Register & Allocations Allocated |
| | | | Review of Audit Committee (c/f from May) ToR Issued | Damp & Mould In Planning | Cyber Security Allocated |
| October | November | December | January | February | March |
| Transformation/Change Management Not Yet Allocated | Business Rates Not Yet Allocated | Council Tax Not Yet Allocated | Accounts Receivable Not Yet Allocated | Accounts Payable Not Yet Allocated | Building Safety Checks (2) In Planning |
| Risk Management Not Yet Allocated | Housing Benefits Not Yet Allocated | Treasury Management Not Yet Allocated | Payroll Not Yet Allocated | Housing Rents Not Yet Allocated | |
| | Cash & Banking Not Yet Allocated | | Corporate Governance Not Yet Allocated | Follow Up Audit (2) Allocated | |

APPENDIX D - ASSURANCE / 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, 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. |