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10 June 2025

## AUDIT SCRUTINY COMMITTEE

A meeting of the **Audit Scrutiny Committee** will be held on **Wednesday, 18th June, 2025** in the **Council Chamber, Forde House, Brunel Road, Newton Abbot, TQ12 4XX** at **10.00 am**

PHIL SHEARS  
Managing Director

### Membership:

Councillors Morgan (Chair), Jackman, Nuttall, Purser, Radford, Ryan, Steemson (Vice-Chair) and Thorne

**Please Note:** Filming is permitted during Committee meeting with the exception where there are confidential or exempt items, which may need to be considered in the absence of the press and public. By entering the Council Chamber you are consenting to being filmed.

## A G E N D A

### Part I

9. **Internal Audit Plan** (Pages 3 - 22)  
Report to follow.
10. **Internal Audit Progress Report** (Pages 23 - 30)  
Report to follow.

If you would like this information in another format, please telephone 01626 361101 or e-mail [info@teignbridge.gov.uk](mailto:info@teignbridge.gov.uk)

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**Teignbridge District Council**  
**Audit Scrutiny**  
**18 June 2025**  
**Part 1**

**INTERNAL AUDIT PLAN and CHARTER 2025-2026**

**Purpose of Report**

To present the proposed plan of internal audit work for 2025-2026, and the Internal Audit Charter including Mandate, for Members' approval.

**Recommendation(s)**

**The Audit Scrutiny Committee APPROVES the Audit Plan and Charter.**

**Financial Implications**

None. The service will be delivered within the approved budget.

**Legal Implications**

The Council is meeting its statutory requirement to provide an internal audit function.

**Risk Assessment**

Not applicable.

**Environmental/ Climate Change Implications**

Not applicable.

**Report Author**

Sue Heath – Audit and Information Governance Manager  
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**Executive Member**

Councillor John Parrott – Executive Member for Finance and Corporate

## **1. BACKGROUND**

- 1.1 The Accounts and Audit Regulations (2015) require the Council to maintain an internal audit service which evaluates the effectiveness of the Council's risk management, control and governance processes. The Audit Manager is required to provide an annual opinion on the framework for this which supports the Council's Annual Governance Statement.
- 1.2 From 1 April 2025, new Global Internal Audit Standards ("the Standards") came into effect, replacing the previous Public Sector Internal Audit Standards which had been applicable since 2013. The Standards are supplemented with an Application Note to provide the required interpretations to make them suitable for the UK public sector, and a Code of Practice for the Governance of Internal Audit in UK Local Government.
- 1.3 The Internal Audit Manager must prepare a risk based plan to determine the audits to be undertaken, which will inform an annual opinion.
- 1.4 An internal audit charter is also required, which sets out the purpose, and the mandate for internal audit. In local government, the mandate is derived from the Accounts and Audit Regulations (2015).

## **2. AUDIT PLAN 2025-2026**

### **2.1 What do the Standards say about creating a plan?**

Global Internal Audit Standards:

"The chief audit executive (Audit Manager), must create an internal audit plan that supports the achievement of the organisation's objectives. The chief audit executive must base the internal audit plan on a documented assessment of the organisation's strategies, objectives and risks. This assessment must be informed by input from the board (Audit Committee) and senior management as well as the chief audit executive's understanding of the organisation's governance, risk management and control processes".

"The Internal Audit Plan must:

- Consider the Internal Audit Mandate and the full range of agreed-to internal audit services.

- Specify internal audit services that support the evaluation and improvement of the organisation's governance, risk management, and control processes.
- Consider coverage of information technology governance, fraud risk, the effectiveness of the organisation's compliance and ethics programme, 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 organisation's business, risk operations, programmes, systems, controls and organisational culture."

"The chief audit executive must discuss the internal audit plan, including significant interim changes with the board (Audit Committee) and senior management. The plan and significant changes to the plan must be approved by the board (Audit Committee)."

- 2.2 This year's Plan was established with a high degree of senior management input. The identification of risk areas for audit reviews was built into a new business planning exercise undertaken by heads of service within the Council's recently formed Strategic Management Team (SMT). The Strategic Leadership Team (SLT) were also consulted for their views on audit and risk areas to be included in the plan.
- 2.3 The Standards require an organisational risk assessment to be completed at least annually, to inform the plan, and an understanding of the Council's priorities. Reliance has been placed on the Council's risk information as recorded in the strategic and corporate risk register in this respect, and the Council Strategy, which was approved in February 2025. Audits in the plan are linked to a corporate priority and/or corporate risk, where relevant.
- 2.4 In order to understand fraud risk inherent to the Council's activities, a fraud risk analysis is maintained. This maps fraud risks across all services and functions, along with controls to mitigated them, and is periodically updated with the Senior Management Team.

## 2.5 Audit and Risk Universe

Corporate Priorities				
Community	Economy	Environment	Homes	Infrastructure
Listening and responding to communities on local issues	Working with business and partners to support our local economy	Protection our environment, supporting communities and landscapes, responding to the challenge of climate change	Tackle the housing crisis and strive to give everyone the chance to live in a warm home.	Providing with partners, the services, facilities and travel networks that our residents and businesses need.

Strategic and Corporate Risks (highest ranking)				
Fail to comply with H&S legislation	Statutory Requirements not met	Cyber attack / failure of ICT security measures	Finance	Fraud and Corruption
Management capacity & capability	Recruitment & retention issues	Poor public relations	Economic uncertainty	Business continuity ineffective
Emergency planning ineffective	Local plan – planned development/ infrastructure delivery delay	ICT – failure to meet business needs	Flood risk management and resilience	Council Strategy non delivery

Service Areas			
Strategy and Partnerships	HR and Organisational Development	Legal and Democratic Services	Development Management
Building Control	Environmental Services	Neighbourhoods	Customer and Digital
Assets	Finance and Audit	Housing	Leisure

## 2.6 Other considerations in selecting auditable activities include:

- the complexity of systems or functions and financial materiality
- time since last audited and results of any other reviews
- knowledge gained through previous audits and from other corporate work
- changes to systems either planned or known to have occurred
- local, national and legislative issues

## 2.7 Resources

### What do the Standards say about resources?

Global Internal Audit Standards:

"The chief audit executive (Audit Manager) manages resources to implement the internal audit function's strategy and achieve its plan and mandate.

Managing resources requires obtaining and deploying financial, human, and technological resources effectively. The chief audit executive needs to obtain the resources required to perform internal audit responsibilities and deploy the resources according to the methodologies established for the internal audit function."

- 2.8 The number of days estimated for audit work in total is estimated at 355 days. As in previous years, audits will continue to be delivered by a mixture of in-house audit staff (Teignbridge 1FTE Auditor and Audit Manager supplemented by external resource from the Devon Assurance Partnership. Given the range and complexity of areas to be reviewed, this provides a suitably qualified skills mix.
- 2.9 The Audit Manager manages the 1FTE Teignbridge Auditor, and the Service Level Agreement for the external provider. The Audit Manager reports functionally to the Head of Finance and Audit, who is a member of the Strategic Management Team.
- 2.4 The Audit Plan is included at **Appendix A**. It will be kept under review and may change if more urgent areas for audit review arise.

## 3. AUDIT CHARTER and MANDATE

- 3.1 The internal audit charter setting out scope, authority, and responsibilities, has been reported to the Audit Scrutiny Committee annually for a number of years. It has been updated this year to reflect the requirements of the new Standards, particularly the need to clearly set out the mandate for internal audit, which in our case is specified in the Accounts and Audit Regulations (2015)
- 3.2 The Charter including the Mandate are included at **Appendix B** below for members' approval.

## INTERNAL AUDIT CHARTER 2025-2026

## APPENDIX B

### INTRODUCTION

This document describes the purpose, authority, and principal responsibilities of the Council's Internal Audit service.

### DEFINITION, FUNCTION and MISSION OF INTERNAL AUDIT

Internal auditing is an independent, objective, assurance providing activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

Internal Audit will advise management where internal control systems can be improved, and seek to promote compliance with corporate policies and procedures, laws and regulation, safeguarding of assets, and accomplishment of corporate priorities, through its systematic review of the Council's activities. It aims to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

### MANDATE, INDEPENDENCE, and OBJECTIVITY

Internal Audit's statutory authority (mandate) is derived from Section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations (2015) which state:

*"a relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control..."*

*"Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit -  
a) make available such documents and records, and  
b) supply such information and explanations  
as are considered necessary for the audit."*

To be effective, Internal Audit must remain sufficiently independent of the activities it audits to enable auditors to perform their duties in a manner which facilitates impartial and professional judgements and recommendations. Internal Auditors should ideally have no operational responsibilities. Where this is unavoidable, consideration will be given to seeking assurance from a third party outside the internal audit activity where appropriate.

Internal Audit forms part of the Council's Corporate Services. The Audit Manager reports organisationally to the Head of Finance and Audit, and functionally to the Audit Scrutiny Committee (*who act as "the Board" for the purposes of the Global*



*Internal Audit Standards*) on audit matters. Close liaison with the Section 151 Officer (responsible for financial affairs) is maintained to ensure the Section 151 duties are fulfilled, and the Audit Manager has direct access to the Managing Director if and when required. These arrangements enable matters to be escalated directly to senior management and the Audit Scrutiny Committee as and when necessary, and without interference, which supports internal audit objectivity.

Internal Audit staff have unrestricted access at any time to such data, records, assets, personnel and premises, including those of partner organisations, as necessary for the proper fulfilment of their responsibilities. Any officer, or member of the Council shall, if required, make available such data, documents or information required for audit purposes and shall supply the auditor with such information and explanation as is considered necessary for that purpose.

This statutory role and rights of access are also recognised and endorsed within the Council's Financial Instructions (Constitution).

## **STANDARDS & PROFESSIONALISM**

Internal Audit must work in accordance with 'proper audit practices'. Proper practice is defined by the Global Internal Audit Standards and any Topical Requirements approved as applicable to the UK public sector. Team members are also governed by the Code of Ethics of their professional body as well as the Council's internal Code of Conduct.

For an internal audit function to be effective, the following core principles must be present:

- Integrity, honesty and respectfulness, especially when expressing professional scepticism
- Competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with strategies, objectives and risks of the organisation
- Demonstrates quality and continuous improvement
- Effective communication
- Promotes organisational improvement
- Is proactive and future focussed

## **SCOPE AND RESPONSIBILITIES**

Heads of Service and Service Managers are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services.

The scope of Internal Audit allows for unrestricted coverage of the control environment comprising risk management and corporate governance. This means that all of the Council's operations, resources, services and responsibilities are included. Where the scope of Internal Audit's work extends to services provided through partnership, an assessment will be made as to whether Internal Audit staff conduct assurance work themselves, or rely on assurance provided by others.

Internal Audit activity can include:

- reviewing, appraising and reporting on the soundness and adequacy of systems of internal control, whether operations are being carried out as planned, and corporate priorities being met
- reviewing, appraising and reporting on the reliability and integrity of financial and management information, including data quality and performance measurement
- assessing and reporting on the extent to which assets and interests are accounted for and safeguarded from loss
- supporting and encouraging improvements in the efficiency, economy and effectiveness of services
- provision of advice on all risk and control, including interpretation of the Council's Financial Instructions and Contract Procedure Rules
- advising on control and risk implications of enhancements to existing/new systems
- promoting best practice in the Council's risk management and governance processes
- working in partnership with other bodies to secure robust internal control that protects the Council's interests
- co-ordinating with the work of external auditors where possible and other review functions
- investigating frauds and irregularities where appropriate

## INTERNAL AUDIT MANAGEMENT

The Audit and Information Governance Manager is responsible for:

- managing the Internal Audit service, determining the scope and methods of audit activity
- ensuring that Internal Audit staff conform to the Global Internal Audit Standards, including the principles of Ethics and Professionalism
- ensuring that Internal Audit staff are impartial, unbiased, avoid conflicts of interest, and exercise professional scepticism in their work
- developing operational Audit Plans based on an assessment of risk and in consultation with senior management; reporting Audit Plans to the Audit Scrutiny Committee for approval; and implementation thereafter
- taking account of the adequacy and outcomes of risk management, performance management and other assurance processes when compiling Audit Plans
- maintaining a suitably resourced, professional audit staff with sufficient knowledge, skills and experience to carry out planned audits
- liaison with the Council's external auditors to achieve co-ordination of work where possible
- reporting to the Strategic Leadership Team (*i.e. "senior management"*) and the Audit Scrutiny Committee (*i.e. "the Board"*) on the results of audit

activities, and the effectiveness of the actions taken by management to implement agreed recommendations

- reviewing the Council's risk management and governance arrangement
- providing the Strategic Leadership Team and the Audit Scrutiny Committee with an annual assurance report on the adequacy of the Council's internal control systems

## FRAUD AND CORRUPTION

Managing the risk of fraud and corruption is the responsibility of management. Internal Audit procedures alone cannot guarantee that fraud and corruption will be detected. Internal Audit does not have responsibility for the prevention or detection of fraud and corruption. Internal Auditors will, however, be alert in all their work to the risks and exposures that could provide opportunity for fraud or corruption. They may investigate suspected frauds and irregularities where appropriate, and will act upon reports received via the Council's Whistleblowing Policy and Anti Fraud, Theft and Corruption Strategy.

The Audit Manager must be informed of all suspected or detected fraud, corruption or improprieties so they may be considered in terms of the adequacy of the relevant internal controls, and be evaluated for the annual opinion on the control environment.

## AUDIT REPORTING

Audit assignments will be the subject of formal reports in order to communicate the findings of the audit and encourage management to take prompt mitigating action if risks have been identified.

Reports will be issued in draft form to the managers responsible for the area under review for agreement of the factual accuracy of findings. On receipt of management comments, including acceptance or rejection of recommendations, reports will be finalised with agreed action dates where applicable. Each report will include an opinion on the adequacy of the control environment governing the activity that has been audited. Reports with low assurance ratings will be brought to the attention of the Strategic Leadership Team.

Audit reports will be provided to members of the Audit Scrutiny Committee and a summary of audit work given at Audit Scrutiny meetings. If the failure to implement an audit recommendation is deemed to present the Council with an unacceptable risk, the matter will be reported to the Audit Scrutiny Committee and the manager concerned may be required to give an explanation.

At the end of each audit year, the Audit Manager will give an annual report and assurance opinion and which can be used to inform the Council's Annual Governance Statement. The annual opinion will conclude on the overall adequacy of the framework of governance, risk and control, and will summarise the work and other assurance sources that support the opinion.

## LOCAL AND NATIONAL ISSUES AND RISKS

The annual audit planning process ensures that new or emerging risks are considered. The Audit Manager consults the Strategic Management and Leadership Teams on the issues and risks inherent to their service areas to help identify any potential areas of concern for audit review. Risk registers are examined to ensure high scoring risks are taken into account. The audit 'universe' (auditable activities) and resulting plan are further informed by the review of Council minutes; corporate knowledge, and issues arising from past audits, and service reviews.

The Audit Plan is approved by the Audit Scrutiny Committee, however, it is recognised that this is flexible and can be revised should unforeseen issues arise, or priorities change throughout the year.

Individual audit projects within the plan focus on the control systems for key risks within each area. Mitigating actions from the operational risk register may also be tested to assess how well risks are being managed.

Awareness of national issues is maintained through membership of and subscription to professional bodies such as the Chartered Institute of Public Finance Accountants; advisory services; Better Governance Forum; liaison with external audit; and with other local authorities.

## PROVISION OF THE SERVICE

The service is provided by an in-house Audit Manager and Auditor, supplemented with external resource as needed. This "mixed provision" service provides for a good skills base and detailed local knowledge of the Council.

Service delivery is monitored through quality assurance and improvement measures which include key performance indicators such as achievement of the Audit Plan, customer feedback, assessment against the Global Internal Audit Standards, and a value for money indicator which can be included to benchmark the cost of the service if required.

## RESOURCES AND SKILLS

A budget is in place for 2025-2026 which supports the resources (outlined above) to deliver the audit plan.

The Council recognises both CIPFA and the Chartered Institute of Internal Auditors (CIIA) qualification for internal auditing. The Audit Manager is a full member of the Chartered Institute of Internal Auditors.

Training needs are assessed on an ongoing basis and are discussed during staff Performance Development Review meetings. The aim is to ensure auditors

are operating at a level which fulfils the Council's requirements and meets professional standards.

If the necessary skills for a particular assignment were not available in house, the external budget provides flexibility to source these externally, as required.

## **AUDIT SCRUTINY COMMITTEE OVERSIGHT**

The Audit Scrutiny Committee terms of reference are within the Council's [Constitution](#). It provides an independent and high level oversight of the adequacy of governance, risk and control arrangements. Its duties also include monitoring of both internal and external audit activity, helping ensure there are arrangements in place for internal challenge and public accountability. The Audit Manager communicates directly with the Audit Scrutiny Committee.

The Committee is currently undergoing a review against the Chartered Institute of Public Finance Accountants best practice guidance, following which its terms of reference will be updated and it will be renamed Audit and Governance. This Charter will be revised accordingly once the necessary Constitutional arrangements are made.

The Audit Scrutiny Committee approves the Audit Plan, Charter (including Mandate), and monitors the outcomes of audits and internal audit performance.

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**TEIGNBRIDGE DISTRICT COUNCIL**

**INTERNAL AUDIT - ANNUAL AUDIT PLAN 2025-2026**

"Internal auditing is an independent, objective, assurance activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes." *Global Internal Audit Standards.*

*NB: Audit Plans should be considered flexible and adjustable, to address emerging risks, organisational changes, and revised priorities during the year.*

SYSTEM OR ACTIVITY TO BE AUDITED	Risk*	Priority*	(*see risk & priority keys below)	2025-26 Days
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**15 Core Financial Systems Assurance**

(Core systems are those areas that are fundamental to providing assurance for internal financial control)

MAIN ACCOUNTING & BUDGETARY CONTROL	ST02 ST14 ST24	All	Accounts for the Council's activities, provides essential financial control through reconciliation processes, and ensures budgetary requirements are met. Good financial management and budgetary control are key components of good governance.	10
PAYROLL	ST02 ST14 ST24	All	Ensures prompt and accurate payment of employees. To cover standard key controls. Specific request also to focus on the new rostering module introduced for Leisure service, post implementation check for assurance over accuracy of paid time.	10
BENEFITS AND COUNCIL TAX SUPPORT	ST02 ST14 ST24	4	Assesses the accuracy and timeliness of payments. Typically covers claims assessments, payments, overpayment recovery, fraud detection and governance.	10

SYSTEM OR ACTIVITY TO BE AUDITED	Risk*	Priority*	(*see risk & priority keys below)	2025-26 Days
<b>Other Systems Assurance</b>				
HOUSING - TEMPORARY ACCOMMODATION	ST02 CP07	4	The audit will assess the extent to which the Council is meeting its statutory homelessness duties effectively . Ascertain whether correct processes are followed, ensuring the payments to providers are accurate according to length of stay, and appropriate decisions are made in line with legislation.	<b>10</b>
HOUSING - FINANCE	ST02 CP07	4	Review and test collection of income and debt recovery for all housing related finance (emergency accommodation, deposit/rental guarantees, leases etc.)	<b>10</b>
OMBUDSMAN - COMPLAINT CODE SELF ASSESSMENT	ST06 ST25	All	The Local Government and Social Care Ombudsman launched an updated Complaint Handling Codes, applicable from 1 April 2024, with the aim of making good practice in complaint handling clearer. Internal audit will assist with a self assessment of compliance against the Code.	<b>10</b>
DATA PROTECTION	CP14	All	To provide assurance on the extent to which the Council is complying with data protection legislation. A self assessment will be undertaken for independent validation by a third party.	<b>10</b>
BUSINESS CONTINUITY MANAGEMENT	ST19	All	A further audit to follow on from last year given the strategic importance of ensuring business continuity plans are comprehensive, documented and tested. The review will include Strata's Business Continuity Plans and IT Disaster Recovery Strategies as well as key supplier arrangements.	<b>10</b>
TEIGNBRIDGE SERVICES - WORKSHOPS	ST11	All	To provide assurance over the systems in place for incident management, including review, lessons learned, incident minimisation.	<b>10</b>
ETHICAL GOVERNANCE - DECLARATIONS OF INTEREST	CP11	All	External Audit Key Recommendation from the recent Grant Thornton VFM report issued in February 2025: an internal audit of declarations of interest should be arranged to identify any areas for improvement.	<b>10</b>
ENFORCEMENT	Various	All	Review of all enforcement activity - requested by Senior Leadership Team.	<b>10</b>



SYSTEM OR ACTIVITY TO BE AUDITED	Risk*	Priority*	(*see risk & priority keys below)	2025-26 Days
CAR LOANS	ST02 CP07 ST24	All	To review to operation of the car loan scheme including accuracy of calculation and repayments. Car Loan balancing and debt recovery for leavers will be reviewed.	10
GREEN SPACES	Various	3	Review of service operations following internal assessment and improvement review, to ensure risks are managed and controls operating as intended.	10
RESORTS	Various	3	Review of arrangements in place for ensuring risks within this service area are managed.	10
PLANNING - FEES AND INCOME	CP07	4	Review process for collecting and accounting for planning fees for assurance over probity and ensuring income is maximised. Pre-application checks for income generation is a particular focus at present.	10
SELF BUILD	ST32	4	Review to include management of the self build register, compliance with legislative and procedural requirements, plot provision, allocation, planning permission and development processes.	10
COMMUNITY INFRASTRUCTURE LEVY (CIL) and SECTION 106 AGREEMENTS	ST32	3,4,5	Review of the management of Section 106 (planning obligations) and CIL charges in relation to chargeable developments, including application stage, charge collection, and associated spend.	10
LICENSING	CP07	All	To include fee validation and charge collection. To include all areas of licensing e.g. animal welfare, ski piercing etc. as well as taxi and premises licences.	10
PEST CONTROL	CP07	3	Charges were recently introduced for this service. Ensure risk are managed for efficient and effective operation of service.	10
PARKING	CP07	All	Follow up of previous audit recommendations and specific review of procedures for processing notices to owners.	10
CAR PARK DEBT RECOVERY	CP07	All	Fact finding investigation into the arrangements for debt recovery on penalty charge notices.	10
MAJOR PROJECTS	CP15	All	Major Projects - audit of end to end processes for high risk projects, to include compliance (CDM regs), decision logs, project completions, handovers, roles and responsibilities, appointment of external contractors,	10

SYSTEM OR ACTIVITY TO BE AUDITED	Risk*	Priority*	(*see risk & priority keys below)	2025-26 Days
<b>Risk Based Auditing</b>				
RISK MANAGEMENT	CP16	All	<p>This project covers risk management and sample testing the mitigations within the Council's Risk Registers.</p> <p>The processes in place (mitigations) to manage high scoring risks will be verified to ensure that they are operating in practice and provide assurance that key risks are being managed.</p>	10
<b>ICT Systems</b>				
ICT SYSTEMS / CYBER SECURITY	ST46 ST37	All	<p>Teignbridge's ICT services are delivered by Strata and audited by the Devon Assurance Partnership (DAP).</p> <p>The Strata audit plan for 2025-2026 is focussed on Cyber Security and Service Standards. We place reliance on the work undertaken by DAP to avoid duplication</p> <p>Strata have recently completed the Cyber Assessment Framework (CAF) on behalf of all three Councils. In summary the assessment found Cyber risk is managed very well, which provides independent assurance. CAF is likely to become the default IT security standard for local government and has already been mandated for central government by 2030.</p> <p>This allocation of time has been included to pick up any risks we may need assurance on outside the Strata audit plan, and for work needed to address the new mandatory "Topical Requirement" for Cyber Security recently issued under the Global Internal Audit Standards.</p> <p>The Business Continuity audit above may overlap some of DAP's planned work in which case we will ensure any duplication is avoided depending on the timings of each assignment.</p>	10

SYSTEM OR ACTIVITY TO BE AUDITED	Risk*	Priority*	(*see risk & priority keys below)	2025-26 Days
<b>Fraud / Special Investigations / Other Requested Work</b>				
COUNTER FRAUD	ST14	All	Fraud risk assessment; Anti Fraud & Corruption Strategy; Whistleblowing Policy; Anti Money Laundering Policy.	10
CONTINGENCY	-	All	Contingency for fraud, irregularity and other investigative work or ad hoc requests for projects.	15
<b>Governance Work</b>				
CORPORATE GOVERNANCE	-	All	Review and assessment of governance arrangements. Collating supporting evidence to support the Annual Governance Statement.  Monitoring of the Council governance improvement action plan following recommendations from the LGA Peer Review, external auditors Grant Thornton, and the Council's own governance statement.	20
<b>Advice / Consultancy</b>				
ADVICE AND CONSULTANCY	-	All	Allowance for time spent on providing general advice to officers, management and members.	20
<b>Other (Non Audit) Work</b>				
ANNUAL GOVERNANCE STATEMENT (AGS)	-	All	Assist in production of the AGS following Governance Review above.	5
FINANCIAL INSTRUCTIONS and CONTRACT PROCEDURE RULES	ST24	All	Provision of advice to officers and dealing with Waivers / Exemptions.	15
NATIONAL FRAUD INITIATIVE (NFI) DATA MATCHING	ST14	All	The Audit and Information Governance Manager performs the NFI Key Contact Role and co-ordinates the investigation of matches.	10

### Audit Management & Administration

AUDIT ADMINISTRATION and KNOWLEDGE	-	General admin: team meetings / corporate meetings / training etc.	10
AUDIT FOLLOW UP	-	Involves ensuring previously agreed actions have been implemented.	10

<b>TOTAL RESOURCES REQUIRED 2025-2026</b>	<b>355</b>
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### Resource Available (days):

Internal: Auditor and Audit Manager:	200
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External Resource:	155
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<b>TOTAL RESOURCES AVAILABLE 2025-2026</b>	<b>355</b>
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### KEY TO THE COUNCIL'S PRIORITIES (Source: Council Strategy - "One Teignbridge" - February 2025)

**Priority 1: COMMUNITY** - Listening and responding to communities and local issues

**Project 2: ECONOMY** - Working with businesses and partners to support our local economy

**Project 3: ENVIRONMENT** - Protecting our environment and supporting communities and landscapes and responding to the challenge of change

**Project 4: HOMES** - Take action to tackle the housing crisis and strive to give everyone the chance to live in a safe warm home

**Project 5: INFRASTRUCTURE** - Providing with partners, the services, facilities and travel networks that our residents and business need

**"All":** This encompasses elements that underpin all priorities such as: effective spending; increased income; being customer focussed; working in new / smarter ways; continuously improve efficiency; delivering services fairly.

**KEY TO THE COUNCIL'S RISKS (Source: Strategic and Corporate Risks Registers - Spar.net)**

Ref	Risk Description	Score
<b>Strategic Risks</b>		
ST06	Statutory Requirements Not Met	9
ST11	Failure to Comply with Health & Safety Legislation	9
ST46	Failure of ICT security measures leading to a cyber attack	9
ST02	Failure to control and manage finance	6
ST08	Economic Uncertainty	6
ST09	Inadequately prepared to manage the impacts of a major emergency in the District	6
ST14	Fraud and Corruption	6
ST17	Inability to Recruit and Retain Staff	6
ST19	Poor or Ineffective Business Continuity Management	6
ST20	Poorly Managed Election	6
ST26	Poor Public Relations Management	6
ST29	Failure to maintain sufficient management capacity & capability	6
ST37	Failure of ICT infrastructure and systems not meeting business needs or not being fit for purpose	6
ST40	Local Plan - Infrastructure Delivery Delay	6
ST41	Local Plan - Planned Development Delayed or Not Happening	6
ST42	Failure to deliver the Council Strategy	6
ST43	Failure to adopt Teignbridge Local Plan	6
ST44	Flood risk management	6
ST45	Flood risk resilience	6
ST24	Finance - Breach of Financial Instructions & Contract Rules	4
ST25	High Levels of Customer Dissatisfaction	4
ST31	Climate Change - the impact of not reducing our energy use and contribution to CO2 emissions	4
ST32	Non Compliance with Section 106 Agreements and CIL notices	4

<b>Corporate Risks</b>		
CP01	Attacks on Staff	6
CP05	Contractor Poor Performance/Failure	6
CP07	Failure to Collect or Loss of Income	6
CP09	Staff health and wellbeing (was Staff Absence/Stress/Morale)	6
CP11	Breach of Code of Conduct by Members	6
CP13	Safeguarding	6
CP15	Project management	6
CP16	Lack of Effective Risk Management	6
CP17	Health and Safety Compliance for Housing Stock	6
CP08	Future proofing the workforce (was Failure to Improve Staff Capability and Capacity)	4
CP12	Breach of Code of Conduct by Staff	4
CP14	Non-compliance with the Data Protection Act and General Data Protection Regulations	4

## **Teignbridge District Council**

### **Audit Scrutiny**

**18 June 2025**

#### **Part 1**

### **INTERNAL AUDIT PROGRESS REPORT**

#### **Purpose of Report**

To advise the internal audit work completed and progress against the audit plan.

#### **Recommendation(s)**

**The Audit Scrutiny Committee is recommended to note the report.**

#### **Financial Implications**

None. The internal audit service is within budget.

#### **Legal Implications**

None. The Council is meeting its statutory duty to undertake an internal audit in accordance with the Accounts and Audit Regulations.

#### **Risk Assessment**

Risks are taken into account when planning internal audit work.

#### **Environmental / Climate Change Implications**

None.

#### **Report Author**

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#### **Executive Member**

Councillor John Parrot – Executive Member for Corporate Resources

## 1. INTRODUCTION / BACKGROUND

- 1.1 Internal audit provides an independent opinion on the Council's risk management, internal control and governance arrangements. A [plan of audit work](#) was approved by members in August 2024. This report shows progress against that plan. It also summarises the findings of completed audits.

## 2. AUDIT PLAN PROGRESS 2024-2025

SYSTEM		STATUS	ASSURANCE
<b><u>Core Financial Systems</u></b>			
Main Accounting / Budgetary Control	DAP	Completed	Good
Creditor Payments	TDC	Completed	Good
Debtors (Corporate Debt Oversight)	DAP	Draft Report	-
Payroll	TDC	Completed	Good
<b><u>Other Systems / Projects</u></b>			
Housing Household Support Fund	TDC	Completed	Excellent
Democratic Services Review	DAP	Draft Report	-
Procurement	DAP	Completed	Fair
Climate Change	DAP	Draft Report	-
Business Continuity Management	TDC	Completed	Fair
Emergency Planning	TDC	Completed	Good
Purchasing Cards (new system)	TDC	Completed	Good
Partnerships & Funding Arrangements	TDC	Completed	Good
Communications – Social Media	TDC	Completed	Good
Waste and Recycling	DAP	Completed	Good
Risk Management	TDC	Draft Report	-
Transparency Code	TDC	Completed	Good
National Fraud Initiative	TDC	Ongoing	-
Fraud Risk Analysis	TDC	Ongoing	-
Governance	TDC	Ongoing	-
Housing Temporary Accommodation	DAP	25/26* see below	-
Housing Finance	DAP	25/26* see below	-
Ombudsman Complaint Code	TDC	25/26* see below	-
Data Protection	TBC	25/26* see below	-



2.2 The Assurance Opinion descriptions for the work listed above are as follows:

<b>Key to Assurance Opinions:</b>		
<b>Excellent</b>	★★★★	The areas reviewed were found to be well controlled, internal controls are in place and operating effectively. Risks against achieving objectives are well managed.
<b>Good</b>	★★★	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some areas for improvement have been identified.
<b>Fair</b>	★★	Basic control framework in place, but most of the areas reviewed were not found to be adequately controlled. Generally risks are not well managed and require controls to be strengthened to achieve system objectives.
<b>Poor</b>	★	Controls are seriously lacking or ineffective in their operation. No assurance can be given that the system's objectives will be achieved.

These ratings will be changing in the 2025-2026 audit year. Please see separate report on the agenda for details.

2.3 As previously reported the two housing audits of temporary accommodation and finance, and the Ombudsman complaint code review have been carried forward to the 2025-2026 audit plan at the request of the service. Data Protection needs to be audited independently due to the Audit Managers' operational responsibility for some of the elements involved and there is a current shortage of resource in this area to support an audit review.

2.5 Follow up checks are undertaken to review progress with action plans agreed during audits. These are included in the summary below. Follow up progress is also monitored by the Council's Corporate Governance Group.

### 3. CONCLUSION

Four of the sixteen reports due to be delivered are at draft report stage, however these should be completed in the next week, just pending final comments from auditees. Members are asked to note progress.

## Internal Audit Findings – Overview 18 June 2025

PROJECT TITLE	SUMMARY
<b>Creditors</b>  <b>Audit Opinion:</b> <b>Good ★★</b>	<p>The creditors system is used to manage the payment of goods and services received by the authority. The sampling exercise confirmed that creditor vouchers are being properly certified, authorised and the goods received before payment.</p> <p>Controls are in place to double check creditor bank detail changes before amending the creditor master file which was verified through the sampling exercise. This is to comply with the measures recommended by the National Anti-Fraud Network (NAFN).</p> <p>In addition, there are internal controls in place to prevent overpaying invoices twice. For example, after each creditor run a listing of all due payments are double checked prior to the Bacs run and the P-Creditors system will not allow the processing of the same invoice date with the same amount.</p> <p>The number of orders being raised after invoice since 1 April 2024 accounted for 27% which is similar to previous years. However, a new financial management system is being introduced in this financial year which will encourage officers to raise orders as the e-invoicing facility will automatically match purchase invoices to orders in the system.</p> <p>The council aims to pay all invoices within 30 days from the invoice date or the date the invoice is received, as prompt payment is essential for the council's suppliers. Prompt payment annual performance data is published on the council's website as statutory under the Public Contracts Regulations 2015. Once Section 69 of the Procurement Act 2023 comes into force, councils will instead publish Payment Compliance Notices every six months on a central digital platform.</p> <p>Furthermore, the council is currently paying one company with standard deduction rates under the Construction industry Standard (CIS) scheme. There are several companies with 'gross payment' status shown on the HMRC monthly online returns up to and including October 2023. The CIS guidance states that the returns must include all payments made to subcontractors regardless of whether they were paid gross, net of standard or higher deduction. This has been added as a recommendation along with changing the method of gaining the two factor authentication code for the HMRC online facility as currently limited to one officer for business continuity purposes.</p>

PROJECT TITLE	SUMMARY
<p><b>Payroll</b></p> <p><b>Audit Opinion:</b> <b>Good</b> ☆☆☆</p>	<p>The council uses iTrent, a fully integrated HR and Payroll system, for the management of employee information. Access to the system is segregated between the HR and Payroll staff.</p> <p>The sampling exercise of starters, leavers and adjustments to pay were all accurately input into the payroll system promptly matching the supporting documentation and calculated correctly. However, not all starter forms were authorised by the three signatories, i.e. employee, Business Lead / Manager and HR Business Partner and managers not following the leaver process flowchart. Recommendations have been included for HR to work with managers to remind them of the correct procedures, recognising that this may not be possible in some cases.</p> <p>Since the February 2025 pay run, the Payroll Specialist (who commenced in January 2025 to replace the retiring Payroll Manager) has strengthened internal controls by introducing the checking of iTrent payroll validation reports prior to payroll processing to identify any potential incorrect or missing information that may lead to incorrect pay or deductions.</p> <p>Monthly reconciliations are made between the payroll system and the Financial Management System (FMS). There is a separation of duties between Payroll and Finance, however, the monthly reconciliations need to be independently reviewed and authorised. Also, there is separation of duties for the Bacs pay runs.</p> <p>Internal controls need to be put in place for the parameter data to be independently checked after input by another member of the payroll team to prevent errors as one scale point for 2023-2024 was £10.00 short. The parameter data for 2024-2025 was accurate.</p>
<p><b>Social Media</b></p> <p><b>Audit Opinion:</b> <b>Good</b> ☆☆☆</p>	<p>The Communications team recently undertook a social media audit to understand and monitor the corporate online social media presence. From this, a list of users for platform with their permission levels were provided giving the assurance that officers have appropriate access for their job role.</p> <p>The Digital Communications Officer informed that all social media users are trained by the Communications Team with evidence provided of the individual training sessions taken place during 2024-2025 including training on the new Orlo platform. In addition, there is social media guidance on the council's intranet including details of the social media platforms and tips on how to use them, as well as a link to the council's social media policy dated 2023 which includes the 'Do's and Don't's at a glance'.</p>

PROJECT TITLE	SUMMARY
	<p>The council follows the National Cyber Security Centre guidance to maintain security of social media sites including only authorised staff can publish content, two-step verification on all social media platforms, using social media platforms with good security features, using work devices to create and publish content. All social media accounts have to be registered with the Communications Team including the login details so the council can still gain access to the account.</p> <p>All council staff are required to complete mandatory cyber and data security awareness training and remain alert to threats such as phishing, scams, impersonation and resulting ransomware attacks. This e-learning forms part of the corporate induction plan, as well as adhering to the council's ICT Acceptable Use and Security Policy.</p> <p>Recommendations include for the social media recovery plan to be tested to ensure that it works in practice, for users to sign up to the social media policy and guidance, and for Finance to set a single transaction limit on the corporate purchasing card to limit the financial risk if the Facebook account that it is linked to is compromised.</p>
<p><b>Transparency Code</b></p> <p><b>Audit Opinion:</b> <b>Good</b> ☆☆☆</p>	<p>The Local Government Transparency Code 2015 embeds transparency in councils and sets out the minimum data that councils should be publishing, the frequency it should be published and how it should be published. An update was issued on 29 January 2025 including guidance for reconciling publication requirements of the Procurement Act 2023 and the Local Government Transparency Code 2015.</p> <p>We compared the mandatory datasets which must be published against the information available on the council's website. This exercise highlighted areas which were incomplete. For example, the annual pay policy statement showing the ratio between the highest paid salary and the median salary of the workforce has been published for 2022-2023 but missing for 2023-2024 and 2024-2025.</p> <p>However, other areas exceeded the minimum data needing to be published. For example, expenditure data the council publishes all creditors and purchasing card transactions on a monthly basis regardless of value. Whereas the Transparency Code stipulates details of all transactions over £500, including grants, payments to suppliers, and expenses.</p>

PROJECT TITLE	SUMMARY
	Identified responsible officers are currently collating missing information which will be published on completion. It is the intention to have a separate transparency page on the council's website with links to the various datasets once all have been completed.
<b>Procurement</b>  <b>Audit Opinion:</b> <b>Fair ☆☆</b>	<p>This audit covered the following risks:</p> <ol style="list-style-type: none"> <li>1. Inadequate preparation for the new Procurement Act</li> <li>2. Poor contract arrangements may impact Council efficiency and compliance leading to financial mismanagement, delays in service deliver and non-compliance with contractual obligations</li> </ol> <p>Controls to manage the first risk were found to be of good standard, with preparatory work and training delivered to officers, however, the absence of a current Procurement Strategy, and the need to ensure the contract register is accurate and contractor performance monitored, were the main contributing factors to the Fair opinion for risk 2.</p> <p>Other recommendations included:</p> <ul style="list-style-type: none"> <li>• implementing the Contract Rules recently updated and approved by Council</li> <li>• review the service risks within the risk register relating to procurement</li> <li>• member training as appropriate for members involved in spending decisions</li> <li>• implementing a central record of suppliers with current contact details</li> <li>• regular communication with ProActis, the procurement system provider</li> </ul>
<b>Follow Up Audits</b>  <p>The effectiveness of audits is increased if agreed actions are implemented. The audit cycle allows for a follow up check to be made on any important recommendations at an agreed time after each review. Details of recently completed follow ups are shown below:</p>	
<b>Partnership and Funding Arrangements</b>  <b>Audit Opinion:</b>	<p>Original audit: November 2024</p> <p>Followed up: February, April and May 2025</p>

PROJECT TITLE	SUMMARY
<b>Good</b> ☆☆☆	<b>4 of the 7 recommendations actioned and implemented.</b> The remaining recommendations are evidence of the Teign Estuary and Coastal Partnership Agreement and action plan / monitoring process, the outcome of the counting house review and service risks needed to be reviewed.
<b>Purchasing Card</b>  <b>Audit Opinion:</b> <b>Good</b> ☆☆☆	Original audit: September 2024  Followed up: April 2025  <b>4 of the 7 recommendations actioned and implemented.</b> The remaining three recommendations are dependent upon the introduction of virtual cards which are due to be implemented by 31 July 2025.
<b>Waste and Recycling</b>  <b>Audit Opinion:</b> <b>Good</b> ☆☆☆	Original audit: February 2025  Followed up: May 2025  <b>9 of the 17 recommendations actioned and implemented.</b> Progress is being made for the remaining eight recommendations.