

**Teignbridge District Council
Audit Committee
2 September 2025
Part 1**

INTERNAL AUDIT ANNUAL REPORT

Purpose of Report

To summarise the work internal audit has undertaken in respect of the 2024-2025 audit plan, and provide the annual internal audit opinion on the effectiveness of the systems of governance, risk management and internal control.

Recommendation(s)

The Audit Committee resolves to note the report.

Financial Implications

None. The service was delivered within current budget.

Legal Implications

The Council is meeting its statutory duty to provide an internal audit of its activities.

Risk Assessment

Not applicable.

Environmental/ Climate Change Implications

None.

Report Author

Sue Heath – Audit and Information Governance Manager
Tel: 01626 215258 Email: sue.heath@teignbridge.gov.uk

Executive Member

Councillor Richard Keeling – Executive Member for Resources

1. BACKGROUND

1.1 The Council has a duty under the Accounts and Audit Regulations (2015) to:

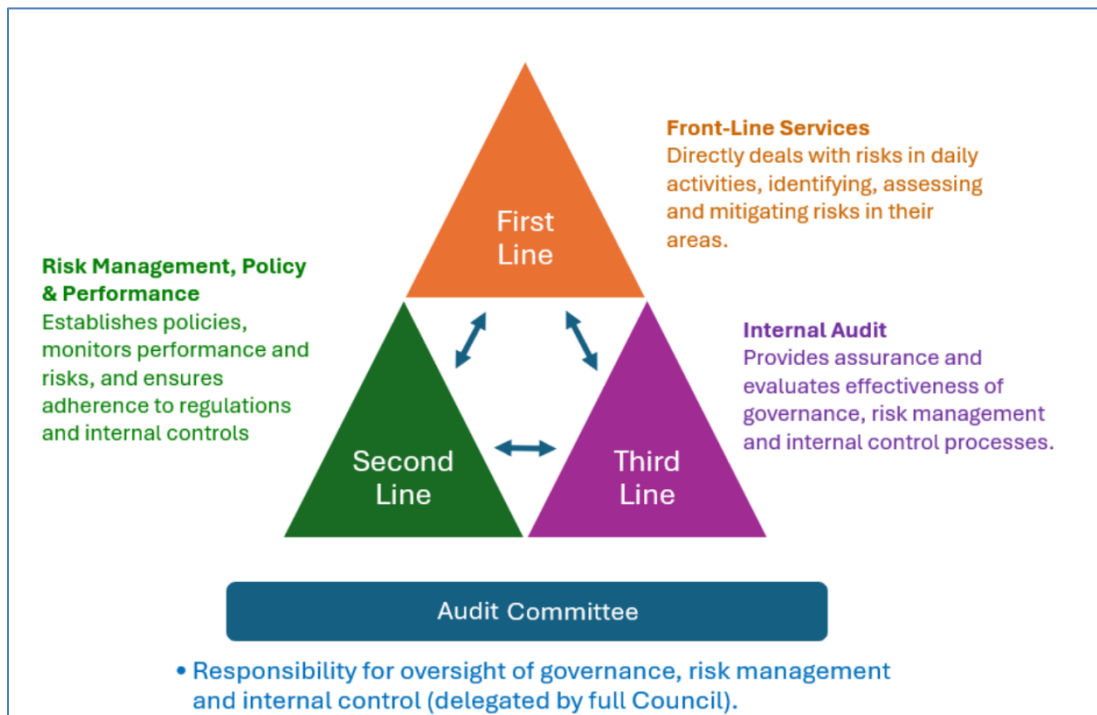
“undertake an internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

1.2 An annual report must be provided by the Audit Manager, which summarises the work and performance of the internal audit service, and gives an opinion on the adequacy of the control framework. It should be noted that the most any internal audit service can provide is a *reasonable*, not *absolute* assurance that there are no major weaknesses in the Council's processes.

1.3 As a source of assurance, this report can help inform the Committee's review of the Annual Governance Statement which is published with the Council's accounts. CIPFA defines assurance as:

“the means by which leaders, managers and decision makers can have confidence that the governance arrangements that they have approved are being implemented, operating as intended, and remain fit for purpose”

1.4 This three lines of defence model shows where internal audit sits in the overall assurance framework:



2. INTERNAL AUDIT OPINION 2024/25

2.1 The following issues are taken into account when providing an opinion:

- results of completed audits and follow up action from previous audits
- management's acceptance of our findings and recommendations
- the effects of any significant changes to systems
- any limitations that may have been placed on the scope of internal audit
- the quality of internal audit work and performance
- the results from other sources of assurance we have been provided with
- insight from our internal involvement with various corporate work

Audit Work

2.2 A plan of audit work was approved by the Audit Committee, in August 2024. The plan was supported by the Internal Audit Charter which set out how the service would be delivered. In 2024-2025 and for the past few years it has been a hybrid service comprising Audit Manager and Auditor supplemented with a number of days bought in from the [Devon Assurance Partnership](#).

2.3 Each Audit has been individually scoped to provide assurance on the extent to which the risks in the areas examined are managed. Terms of reference outlining risks and the planned approach were provided to service managers in advance, and results were outlined in audit reports which also captured agreed actions for any recommendations.

2.4 Areas audited receive one of the following assurance ratings:

Key to Assurance Opinions:		
Excellent	☆☆☆☆	The areas reviewed were found to be well controlled, internal controls are in place and operating effectively. Risks against achieving objectives are well managed.
Good	☆☆☆	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some areas for improvement have been identified.
Fair	☆☆	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.
Poor	☆	Controls are seriously lacking or ineffective in their operation. No assurance can be given that the system's objectives will be achieved.

2.5 Some audits were postponed due to pressures on services concerned. Ad hoc work was undertaken instead, such as investigations requested by management; assessment of parking debt; compliance with the Transparency Code; and returns to the Dept for Business and Trade which included supply of evidence for outstanding debt cases from the Covid support business grant schemes. Postponed audits are now in the 2025-2026 audit plan.

2.6 Completed audits and their assurance ratings are as follows:

PROJECT	ASSURANCE OPINION
<u>Financial Systems</u>	
Main Accounting / Budgetary Control	Good
Creditor Payments	Good
Debtors	Good
Payroll	Good
<u>Other</u>	
Housing – Household Support Fund	Excellent
Procurement	Fair
Democratic Services	Fair
Climate Change	Good
Business Continuity Management	Fair
Emergency Planning	Good
Purchasing Cards (new system)	Good
Partnerships and Funding Arrangments	Good
Communications – Social Media	Good
Waste and Recycling	Good
Housing - Temporary Accommodation	Postponed
Housing - Finance	Postponed
Data Protection	Postponed
Complaints – Complaint Code Self-Assessment	Postponed
Fraud Risk Analysis and Counter Fraud Polices	(Ongoing)
National Fraud Initiative	(Ongoing)
Governance	(Ongoing)

ICT Assurance

- 2.7** The Council's ICT is provided by Strata Service Solutions under the tripartite agreement between Exeter City, Teignbridge and East Devon District Councils as founding partners.
- 2.8** Strata commission their own internal audit service from the Devon Audit Partnership (DAP), with the results shared with so we may take their work into account and avoid duplication.
- 2.9** DAP have provided a “**reasonable assurance**” opinion for Strata.

Counter Fraud

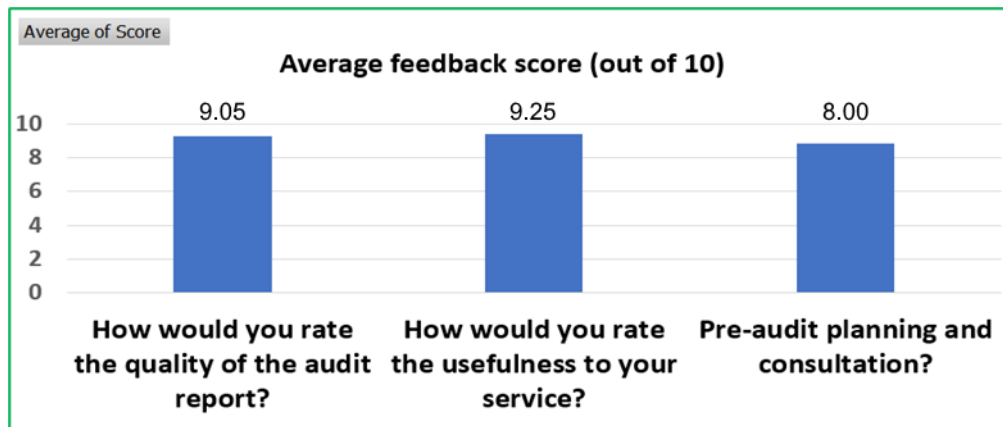
- 2.10** The responsibility for managing the risk of fraud lies with management; however, internal audit maintain a fraud risk analysis which highlights areas susceptible to fraud and records the mitigations in place. Auditors consider the fraud risks inherent to the areas audited when scoping audit work.
- 2.11** The Council also participates in the National Fraud Initiative (NFI). This is a Cabinet Office data matching exercise comparing data from organisations across the public sector and some private sector bodies to help prevent and detect fraud. A biannual exercise is compulsory and involves numerous data sets including Council Tax, Housing Benefit, Licences, Electoral Register, Payroll and Creditor data.
- 2.12** Overall, the risk of fraud in the Council is considered to be **low**.

Internal Audit Performance and Quality Assurance

- 2.13** During the 2024-2025 audit year, “proper practice” for internal audit in local government was defined by the Public Sector Internal Audit Standards, (now

Global Internal Audit Standards since April 2025) . Self-assessment against the standards indicated 95% compliance in 2024-2025. Independent validation of this (which is also a requirement of the Standards) has not yet been achieved, and with the introduction of the new (and more extensive) Global Internal Audit Standards now superseding the previous standards it is proposed to do this in 2025-2026.

- 2.14 Performance outcomes:** a short survey is sent on the completion of each audit. Feedback shows relatively good levels of satisfaction from auditees when asked for their views on the following:



Audit Independence and Acceptance of Findings

- 2.15** The Internal Audit Charter enables us to access all Council staff and systems for the purpose of audit work. There were no restrictions in this respect and no declared relationships that would have given rise to conflicts of interest in the work undertaken by the auditors this year.
- 2.16** The senior management of the Council and the Audit Committee have been supportive of the audit process and engaged positively with audit findings and recommendations.

3. OPINION

I have considered the completed internal audit work and other sources of assurance for the 2024-2025 year and for the period up to date, to allow me to draw a conclusion on the adequacy and effectiveness of Teignbridge District Council's control environment.

It should be noted that assurance can never be absolute. The most that internal audit can provide is reasonable assurance based on the internal audit work undertaken, and matters that came to internal audit's attention during the course of this work.

I confirm that in my opinion, the framework for governance is as described in the Annual Governance Statement; risks were generally managed consistently; and controls were generally effective. Management have responded positively to internal audit findings and recommendations.

The Council is aware of its corporate governance weaknesses, as highlighted by the [Local Government Peer Challenge](#), and the external auditor, Grant Thornton in their [Annual Report](#), and is working through an improvement plan, aided by the Centre for Governance and Scrutiny.

Sue Heath - Audit and Information Governance Manager

4. Acknowledgement

I would like to thank managers, officers and members of the Audit Committee for their ongoing co-operation and support of internal audit work.

6. MAIN IMPLICATIONS

The implications members need to be aware of are as follows:

6.1. Legal

The Council is meeting its statutory obligation to undertake an internal audit of its systems in accordance with the Accounts and Audit Regulations 2015, and for the findings to be considered by the Council or one of its committees. The Audit Committee is the designated committee for this purpose.

6.2 Resources

The service was delivered within budget.

7. GROUPS CONSULTED

Not applicable.

8. ENVIRONMENTAL/CLIMATE CHANGE IMPACT

Not applicable.

9. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)

Not applicable.