

**Teignbridge District Council
Audit Committee
29 June 2026
Part 1**

INTERNAL AUDIT ANNUAL REPORT

Purpose of Report

To provide the annual internal audit opinion on the effectiveness of the Council's 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

Local authorities must make provision internal audit in line with the 1972 Local Government Act (S.151) and the Accounts and Audit Regulations 2015.

Risk Assessment

Not applicable.

Environmental/ Climate Change Implications

None.

Report Author

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Executive Member

Councillor John Parrot – Executive Member for Finance and Corporate

1. BACKGROUND

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

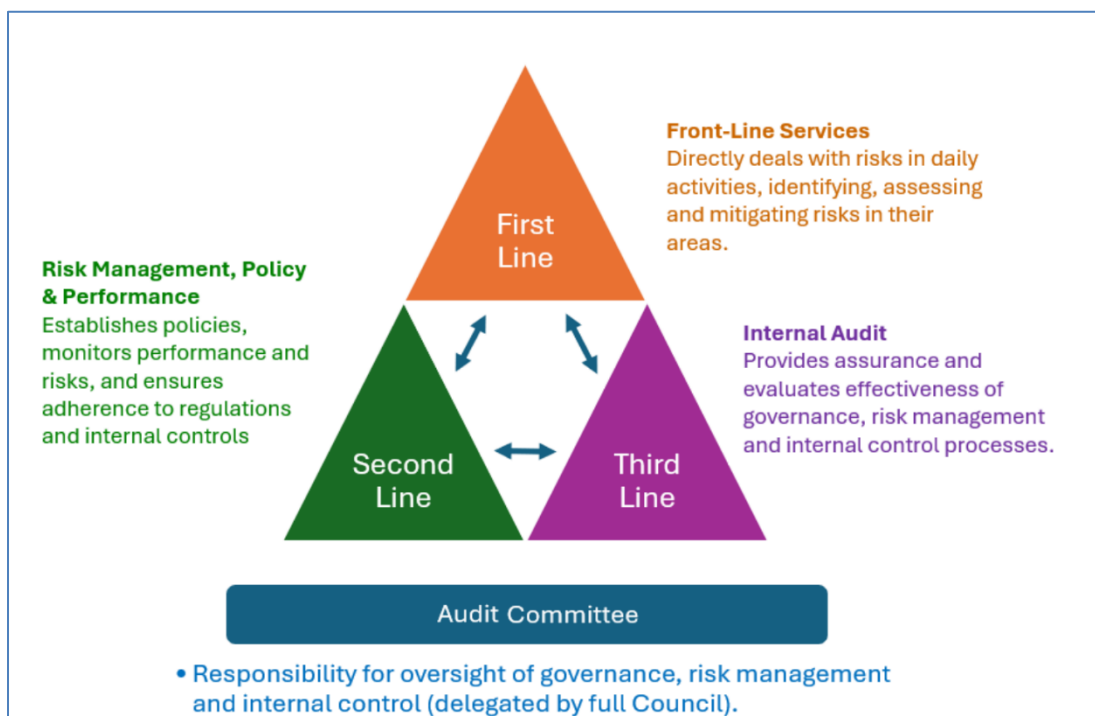
“undertake an internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

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



2. INTERNAL AUDIT OPINION 2025/26

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

- results of completed audits and cumulative audit knowledge
- follow up action from previous audits
- management acceptance of internal audit 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 internal involvement with various corporate work

Audit Work

2.2 The Internal Audit Strategy and Plan were updated last year, and a programme of work was approved by the Audit Committee in June 2025. The plan was supported by the Internal Audit Charter which describes how the service is delivered through a mixed provision of internal staff (Audit Manager and Auditor) and a number of audit days commissioned from the [Devon Assurance Partnership](#).

2.3 For each audit, an engagement risk assessment is compiled outlining risks and the planned audit approach. Terms of reference are subsequently provided to service managers in advance of each audit. Audit findings, recommendations, and agreed actions are recorded in final audit reports.

2.4 Areas audited receive one of the following assurance ratings:

Substantial Assurance	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 Assurance	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 Assurance	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 Assurance	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.

2.5 Completed audits and assurance opinions are as follows:

PROJECT	ASSURANCE OPINION
<u>Financial Systems</u>	
Payroll	Reasonable
Main Accounting / Budgetary Control (follow up)	Reasonable
Housing Benefit / Council Tax Support	In progress
<u>Other Areas</u>	
Declarations of Interest (Members)	Reasonable
Resorts	Reasonable
Pest Control	Reasonable
Car Loans	Reasonable
Parking (Notice to Owners)	Reasonable
Housing - Finance	In progress
Housing – Temporary Accommodation	July 2026
Planning Fees and Income	In progress
Business Continuity	In progress
Self Build Register	In progress
Teignbridge Services – Workshops	Cancelled
Green Spaces	Cancelled
Data Protection (external review)	Postponed
CIL and S.106	Postponed
Ombudsman - New Complaint Code	Reasonable
Risk Management	Reasonable
Licensing	Reasonable
Governance (Assurance for AGS)	Reasonable

2.6 At the time of writing, although audits were completed in 11 areas, work is still ongoing for 5 areas: Housing and Council Tax Benefit; Planning Fees; Self Build Register, and Housing Finance. Auditors have confirmed, there are no

findings in the work undertaken to date that would give major cause for concern, or affect the overall audit opinion.

2.7 In addition to the planned work above:

- a series of follow up audits were undertaken to ensure agreed actions from previous audits have been implemented;
- a Fraud Risk Assessment of Council activities has been maintained and updated;
- fraud reports received via the “Report a Fraud” form on the Council’s website have been monitored and triaged to relevant officers;
- internal control advice has been provided; and
- ad hoc confidential investigations have been completed.

ICT and Other Assurance

2.8 The Council's ICT is provided by Strata Service Solutions under the tripartite agreement between Exeter City, Teignbridge and East Devon District Councils.

2.9 Strata commission their own internal audit from the Devon Assurance Partnership (DAP). Performance has also been monitored through the Strata governance framework.

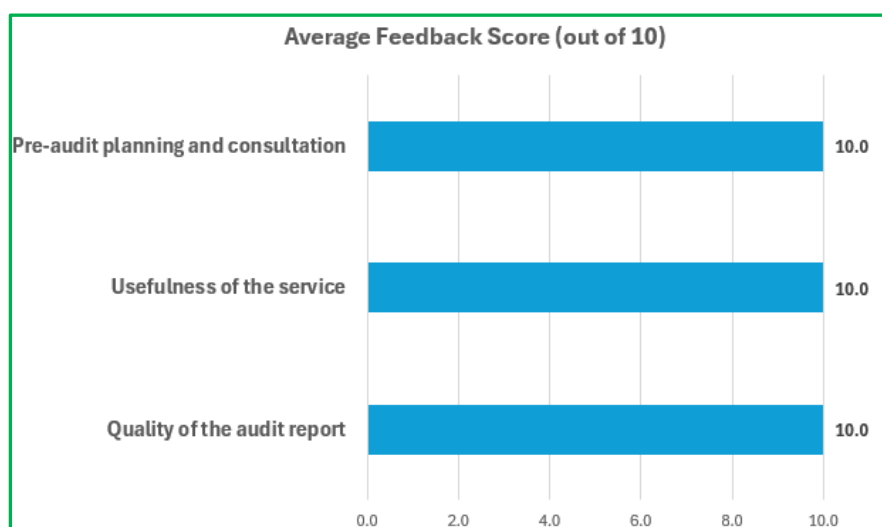
2.10 A significant amount of assurance has been obtained from the Council and Strata’s positive assessment under the National Cyber Security Centre Cyber Assessment Framework for local government, which rated the Council and Strata as an exemplar for other Councils. Further assurance has also been gained from the Public Sector Network Code of Connection audit which shows a mandatory set of security standards were met.

Counter Fraud

- 2.11** 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.
- 2.12** As mentioned previously, internal audit has been the initial point of contact for “Report a Fraud” forms submitted via the Council’s website, triaging these accordingly. Internal Audit has also co-ordinated the submission of data sets for the National Fraud Initiative and liaised with relevant departments regarding investigations.

Internal Audit Performance and Quality Assurance

- 2.13** During the 2025-2026 audit year, “proper practice” for internal audit in local government was defined by the Global Internal Audit Standards which came into effect from April 2025. Whilst a self-assessment against the standards has been undertaken, independent external validation is required to enable the service to claim it fully conforms, and this has not yet been achieved although it is recognised that as a hybrid service, the work undertaken by Devon Assurance Partnership can be described as “fully conforms”. Arrangements are in place to ensure full conformance for 2026-2027.
- 2.14 Performance outcomes:** a short survey is sent on the completion of each audit. Feedback has been high when asked for their views on the following:



Audit Independence and Acceptance of Findings

- 2.14** The Internal Audit Charter supports access to 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. The Audit and Information Governance Manager undertakes the Data Protection Officer role for the Council. To safeguard audit independence and mitigate any perceived impairments to objectivity in this area, an independent review is planned.
- 2.15** 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 2025-2026

I have considered the completed internal audit work, including ad hoc assignments and follow up activity. I have also taken into account wider sources of assurance available to the Council for the 2025-2026 year. Together, these support my 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 any internal audit service 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 mostly effective. Management have responded positively to internal audit findings and recommendations.

Sue Heath - Audit and Information Governance Manager

4. Acknowledgement

I would like to take this opportunity to thank all officers and members of the Council for their engagement with internal audit work.

5. MAIN IMPLICATIONS

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

5.1. Legal

The Council is required 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.

5.2 Resources

The service was delivered within budget.

6. GROUPS CONSULTED

Not applicable.

7. ENVIRONMENTAL/CLIMATE CHANGE IMPACT

Not applicable.

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

Not applicable.