



## HUNTINGDONSHIRE DISTRICT COUNCIL

Internal Audit Strategy 2022/23 – 2027/28 (Including Internal Audit Plan for 2025/26)

Presented at the Corporate Governance Committee meeting of: 25 March 2025

This report is solely for the use of the persons to whom it is addressed.

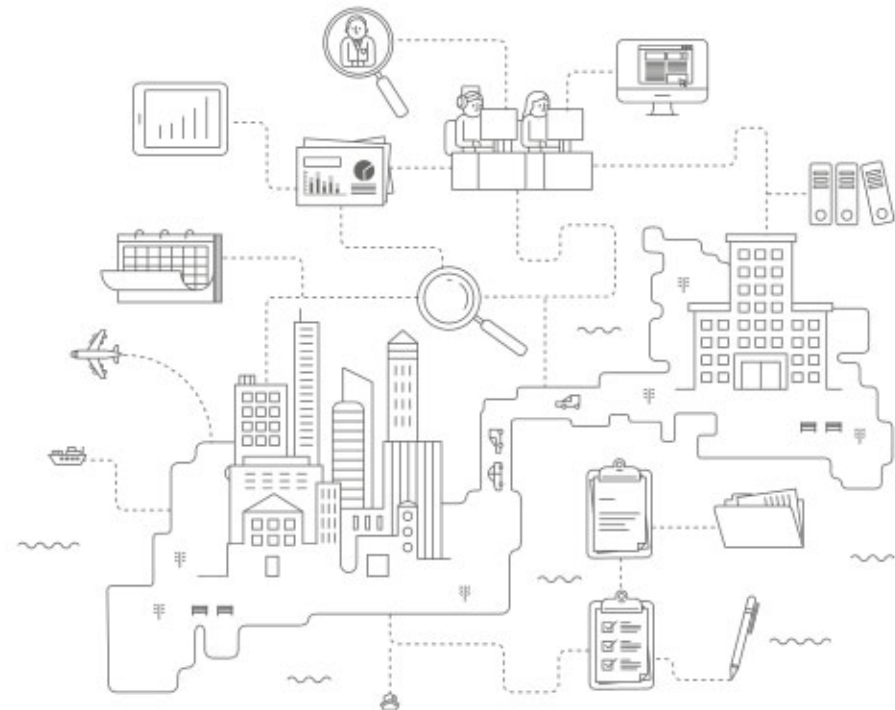
To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

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# EXECUTIVE SUMMARY

**Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other factors affecting Huntingdonshire District Council in the year ahead, including changes within the sector.**

Our Internal Audit Plan for Huntingdonshire District Council is presented for approval by the Corporate Governance Committee (CGC) at this meeting. The Committee are asked to approve the Internal Audit Plan and associated Internal Audit Charter. During the year, we will continue to work with management and hold regular meetings to deliver an internal audit programme which remains flexible and agile to ensure it meets your needs.

The key points to note from our plan are:



Your core team are Dan Harris (Partner and Head of Internal Audit) and Alastair Foster (Managing Consultant) who are supported by specialists, as required.



Number of deliverables 25 including two Follow Up reviews. 3 audits will include delivery by specialist Technology Risk Assurance Staff.

We will also provide an annual opinion, an audit plan, clients briefings, attend 4 CGC meetings, hold regular update meetings with the S151 and attend the SLT.



Flexible and agile approach to deliver in order to respond to your needs.



We will complete c417 days coverage in 2025/26. This will allow us to provide a range of audits, supervise the work of 2 members of staff within the in-house team and provide coaching and development to the team. It also includes an allocation for ongoing advice and assistance to Chief Officers.



Technology toolkit – 4 questionnaires, Alteryx, PowerBi



Internal Audit Charter, at Section 3.2.

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**'RSM generally conforms to the requirements of the IIA Standards' and RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics'.**

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## 1.1 INTERNAL AUDIT PLAN 2025/26

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2025/26. The table details the strategic risks which have focused our internal audit coverage. This review of your risks allows us to ensure that the proposed plan aligns with the organisation's assurance needs for the forthcoming and future years.

|  | Audit approach | RSM or In-house Team | Proposed timing | Proposed CGC Reporting |
|--|----------------|----------------------|-----------------|------------------------|
| <b>Risk Driven Coverage</b>  |                |                      |                 |                        |
| <p><b>Risk Management</b><br/>Required for Head of IA opinion on risk management. This review will cover how risks are identified, assessed, scored, monitored and reviewed. We will consider how risk is used to information decision-making and for assurance processes, including how risk appetite is defined and applied, and how risks are monitored within the governance structure.</p> <p><b>Risk 5: Governance failure</b></p>                 | System based   | RSM                  | Q1 2025         | Q2 2025                |
| <p><b>Contract Management</b><br/>We will assess how effective the Council's framework is for contract management and ensuring value for money is obtained from a selection of key contracts. This will include establishing if contracts are signed and monitored, with KPIs reporting on and contract management meetings taking place as required.</p> <p><b>Risk 4: Failure to ensure the Council's financial resilience</b></p>                     | System based   | RSM                  | Q2 2025         | Q3 2025                |
| <p><b>Procurement</b><br/>To examine key financial controls relating to purchases, value for money and procurement of goods and services.</p> <p><b>Risk 9: Significant fraud/theft successfully committed against the Council</b></p>   | System based   | RSM                  | Q3 2025         | Q4 2025                |
| <p><b>Creditors</b><br/>Coverage to provide assurance to the S151 Officer that robust systems of financial control are in place and being complied with in relation to the creditors / accounts payable function. This will include the controls in place for purchase orders, goods receipting, access to the systems and authorisation of invoices and payment batches.</p> <p><b>Risk 4: Failure to ensure the Council's financial resilience</b></p> | System based   | In-House Team        | Q3 2025         | Q4 2025                |

|   | Audit approach | RSM or In-house Team | Proposed timing | Proposed CGC Reporting |
|---|----------------|----------------------|-----------------|------------------------|
| <p><b>General Ledger</b><br/>Coverage to provide assurance to the S151 Officer that robust systems of financial control are in place and being complied with, relating to the operation of the general ledger. This will include controls in place relating to journals, changes to the chart of accounts, access to the financial system, as well as control account reconciliations and clearance of suspense accounts..</p> <p><b>Risk 4: Failure to ensure the Council's financial resilience</b></p> | System based   | In-House Team        | Q3 2025         | Q4 2025                |
| <p><b>Capacity Planning</b><br/>A review of policies and practices to ensure the Council does not over commit its resources. This will include review of corporate plan and service plans to ensure these are effective.</p> <p><b>Risk 2: Unable to maintain and build quality and consistency in service provision by the Council</b><br/><b>Risk 3: Unable to effectively respond to changes in political priorities and policies</b></p>  | Risk based     | In-House Team        | Q2 2025         | Q3 2025                |
| <p><b>Capital Expenditure</b><br/>To review key controls and governance arrangements in place to prioritise the capital plan and monitor delivery and financials.</p> <p><b>Risk 4: Failure to ensure the Council's financial resilience</b></p>  | Risk based     | In-House Team        | Q2 2025         | Q3 2025                |
| <p><b>Human Resources</b><br/>Key controls review could cover areas such as:</p> <ul style="list-style-type: none"> <li>- Mandatory Training</li> <li>- Appraisals and Performance Management</li> <li>- Absence Management</li> <li>- HR Policies and Procedures</li> <li>- Recruitment and Retention</li> </ul> <p><b>Risk 12: Failure to recruit, develop, support and retain high quality / calibre staff across all Council services.</b></p>  | Risk based     | RSM                  | Q1 2025         | Q2 2025                |

|  | Audit approach | RSM or In-house Team | Proposed timing | Proposed CGC Reporting |
|--|----------------|----------------------|-----------------|------------------------|
| <p><b>Effectiveness of Chief Digital Information Officer Role</b></p> <p>To establish if the introduction of CDIO role across the three partner organisations has been effective in assisting the Council meet their overall strategy and objectives, and whether this has had a measurable impact on improving service provision. To consider if success criteria as determined by the TVI review are being met.</p> <p><b>Risk 1: Successful / serious cyber security attack on the Council</b></p>  | Risk based     | RSM                  | Q3 2025         | Q4 2025                |
| <p><b>Workforce Development Strategy</b></p> <p>This review will focus on the Workforce Development Strategy assessing how it links to the Council's overall strategy and objectives, whether it is complete and comprehensive, as well as an assessment on delivery and implementation of the strategy.</p> <p><b>Risk 12: Failure to recruit, develop, support and retain high quality / calibre staff across all Council services.</b></p>  | Risk based     | RSM                  | Q4 2025         | Q4 2025                |
| <p><b>General Data Protection Regulations (GDPR)</b></p> <p>Our work could assess the controls the Council has in place to comply with the GDPR requirements.</p> <p>The review will review the Council strategy/policies/procedures in place, training and sample test arrangements in place and the knowledge of staff in relation to compliance with the regulations and reporting of breaches. This review will be undertaken by our specialist Technology Risk Consulting Team.</p> <p><b>Risk 10: Major confidentiality breach on the part of the Council.</b></p> | Advisory       | RSM                  | Q4 2025         | Q4 2025                |
| <p><b>Transformation</b></p> <p>Key programme and project management review to assess how Transformation projects are developed and plans delivered, how benefits are tracked and realised and if stakeholders are assured on progress of the transformation agenda.</p> <p><b>Risk 16: The Council fails to manage its transformation strategy (including digital)</b></p>  | Risk based     | RSM                  | Q2 2025         | Q3 2025                |
| <p><b>Core Internal Audit Activity</b></p> <p><b>Council Tax</b></p> <p>We will examine key controls in place within the Council to provide an effective and efficient Council Tax billing, collection and recovery operation.</p>   | System based   | In-House Team        | Q2 2025         | Q3 2025                |



|  | Audit approach | RSM or In-house Team | Proposed timing | Proposed CGC Reporting |
|--|----------------|----------------------|-----------------|------------------------|
| <p><b>Housing Benefits</b><br/>The Council is required to ensure that the community are appropriately assisted in their housing needs through the payment of housing benefits. We will seek to review key controls in this area.</p>   | System based   | In-House Team        | Q2 2025         | Q3 2025                |
| <p><b>Business Rates</b><br/>We will examine key controls in place within the Council to provide of an effective and efficient Business Rates, billing, collection and recovery service.</p>   | System based   | In-house team        | Q3 2025         | Q4 2025                |
| <p><b>Complaints and Compliments Management</b><br/>To review the complaints and compliments management policies and procedures, overall ownership of the complaints process, how complaints and compliments are reviewed and monitored through the governance structure, in addition to how themes are identified and lessons learnt identified and acted on.</p>   | System based   | RSM                  | Q4 2025         | Q4 2025                |
| <p><b>Artificial Intelligence (AI)</b><br/>To consider strategy, policies and controls in place for the deployment of AI within Council operations. To include governance arrangements for roll out.</p>   | Advisory       | RSM                  | Q3 2025         | Q4 2025                |
| <p><b>Data Quality and Performance Management</b><br/>The audit will focus on how performance data is collated, reviewed and reported. This will include review of the Data Quality Policy and associated procedures, assessing whether it is fit for purpose and understood, whether governance of data quality is clear and adhered to, and whether it is followed within the KPIs. For a specific sample of data, we will substantiate the data back to source.</p> | System based   | In-House Team        | Q2 2025         | Q3 2025                |
| <p><b>Payroll</b><br/>To review key payroll controls including processing of starters, leavers and changes documentation, monthly checks and approval of the payroll, management and recovery of over-payments and the timeliness and accuracy of processing.</p>  | System based   | RSM                  | Q1 2025         | Q2 2025                |
| <p><b>Democratic Services</b><br/>To consider governance arrangements and controls to ensure democratic services are effective and policies and complied with in practice.</p>   | System based   | In-House Team        | Q4 2025         | Q4 2025                |



|   | Audit approach     | RSM or In-house Team | Proposed timing     | Proposed CGC Reporting |
|---|--------------------|----------------------|---------------------|------------------------|
| <b>Market Towns Programme</b><br>To examine the project management approach to the Market Towns Programme (regeneration) as the Council is moving from project conception to managing delivery. This review will establish if the Council is completing monitoring and evaluation and whether the major capital project is being managed effectively. | System based       | In-House Team        | Q3 2025             | Q4 2025                |
| <b>Other Internal Audit Activity</b>  |                    |                      |                     |                        |
| <b>Advice and Assistance</b><br>An allocation to provide ongoing advice, support and assistance to the SLT.   | Advisory           | RSM                  | Ongoing             | Ongoing                |
| <b>Disabled Facility Grant (DFG) Verification</b><br>Annual verification of DFG Grant to allow Section 151 Officer to sign off the submission.  | Grant Verification | In-House Team        | Q1 2025             | Q2 2025                |
| <b>Follow Ups</b><br>To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.  | Follow Up          | RSM and In-House     | Q4 2025             | Q4 2025                |
| <b>Management</b><br>This will include: <ul style="list-style-type: none"> <li>• Annual planning</li> <li>• Preparation for, and attendance at, CGC</li> <li>• Regular liaison and progress updates</li> <li>• Liaison with external audit and other assurance providers</li> <li>• Preparation of the annual opinion.</li> </ul>                     | N/A                | RSM                  | Throughout the year | Q1 2025                |

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

### Working with other assurance providers

The CGC is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

## 1.2 INTERNAL AUDIT METHODOLOGY

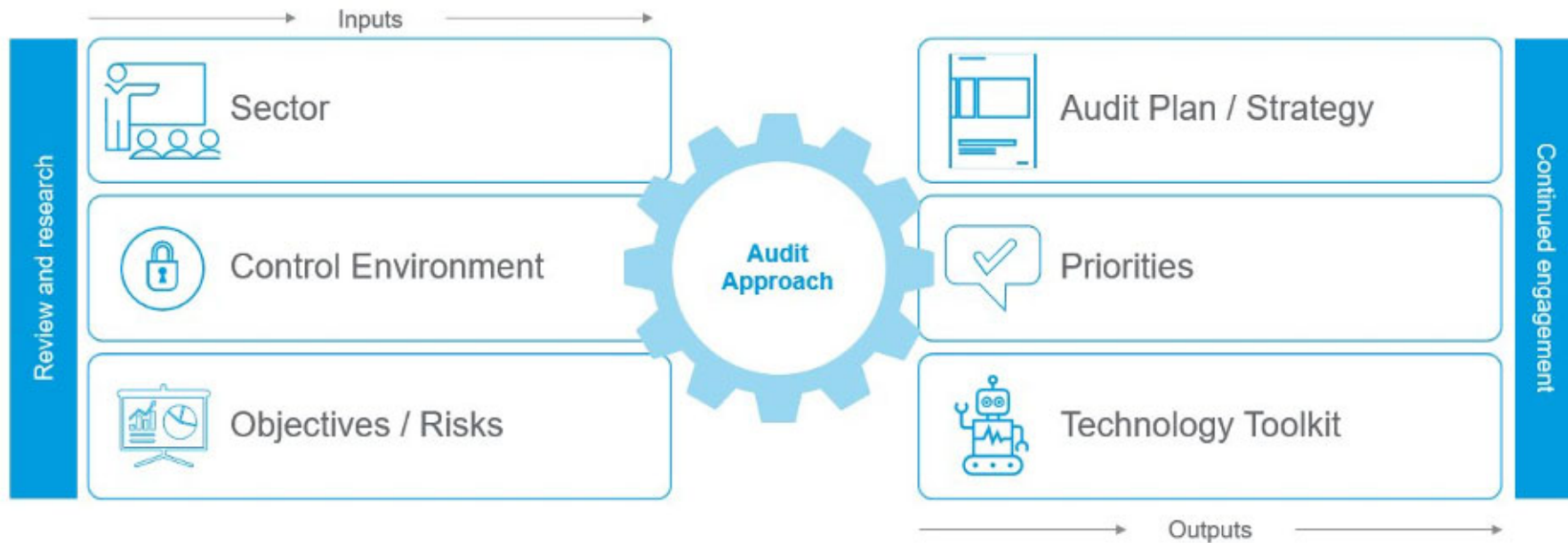
Our approach to developing your internal audit plan is based on analysing your organisational objectives, risk profile and assurance framework as well as other factors affecting Huntingdonshire District Council in the year ahead, including changes within the sector. We also discuss audit priorities and coverage with management and the CGC.

### Risk management processes

We have not evaluated your risk management processes and propose we do so in Q1 of 2025/26 to enable RSM to consider that we can place reliance on your risk registers / assurance framework, to inform the internal audit strategy. We do however note that there has been a previous limitation of scope placed on internal audit annual opinions in the area of risk management for the previous financial years.

We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management and the CGC to develop your annual audit plan and high-level strategic plan (See Section 2.1 and 3.2).

**Figure A:** Audit considerations when developing the Internal Audit Strategy.



# Your Internal Audit Strategy 2022/23 – 2027/28

# 02





## 2.1 INTERNAL AUDIT STRATEGY 2022/23 -2027/28

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1.1 above, as well as our own view of the risks facing the sector as a whole.

| Audit Area  | Strategic / Operational Risk | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---|------------------------------|---------|---------|---------|---------|---------|---------|
| Data Quality and Performance Management                           |                              |         |         |         | ✓       |         | ✓       |
| Corporate Governance / Scheme of Delegation / Committee Structure | Risk 5                       |         |         | ✓       |         | ✓       |         |
| Council Tax   |                              |         |         | ✓       | ✓       | ✓       |         |
| Housing Benefits  |                              |         |         |         | ✓       |         | ✓       |
| Business Rates  |                              |         |         |         | ✓       |         | ✓       |
| Community Engagement  | Risk 14                      |         |         |         |         | ✓       |         |
| Partnerships / Stakeholder Management                             | Risk 13 / Risk 14            |         |         |         |         |         | ✓       |
| Capacity Planning   | Risk 2 / Risk 3              |         |         |         | ✓       |         |         |
| Capital Expenditure   | Risk 4                       |         |         |         | ✓       |         | ✓       |
| Workforce Development Strategy                                    | Risk 12                      |         |         |         | ✓       |         | ✓       |
| Complaints and Compliments Management                             |                              |         |         |         | ✓       |         |         |
| Transformation / Digital Transformation                           | Risk 16                      |         |         |         | ✓       | ✓       |         |
| Artificial Intelligence (AI)                                      |                              |         |         |         | ✓       |         |         |
| Insurance   |                              |         |         |         | ✓       |         |         |

| Audit Area   | Strategic / Operational Risk | 2022/23 | 2023/24  | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|--|------------------------------|---------|----------|---------|---------|---------|---------|
| Licensing  |                              |         |          |         |         | ✓       |         |
| Effectiveness of Chief Digital Information Officer (CDIO) Role | Risk 1                       |         |          |         | ✓       |         |         |
| Democratic Services  |                              |         |          |         | ✓       |         |         |
| Market Towns Programme   |                              |         |          |         | ✓       |         |         |
| Waste Management   |                              |         |          |         |         | ✓       |         |
| Shadow IT / Service-procured Systems                           | Risk 1                       |         | Adequate |         |         |         |         |
| Fuel Usage & Payments  |                              |         | Adequate |         |         |         | ✓       |
| Car Parking  |                              |         |          |         |         | ✓       |         |
| Payroll  |                              |         | Adequate |         | ✓       | ✓       | ✓       |
| Planning Applications KPIs                                     |                              |         | Adequate |         |         |         | ✓       |
| Shared Service ICT Cost Allocations                            | Risk 1                       |         | Adequate |         |         |         |         |
| Section 106 Agreements / Planning                              |                              |         | Adequate |         |         | ✓       |         |
| Risk Management  | All risks                    |         | Limited  |         | ✓       | ✓       | ✓       |
| Social Value (in Procurement) / Contract Management            | Risk 9                       |         | Limited  |         | ✓       |         | ✓       |
| Purchasing Cards / Procurement                                 | Risk 9                       |         | Limited  |         | ✓       |         | ✓       |
| CIPFA Financial Management Code                                | Risk 4                       |         | Adequate |         |         |         |         |
| Safeguarding   | Risk 17                      |         | Adequate |         |         |         | ✓       |

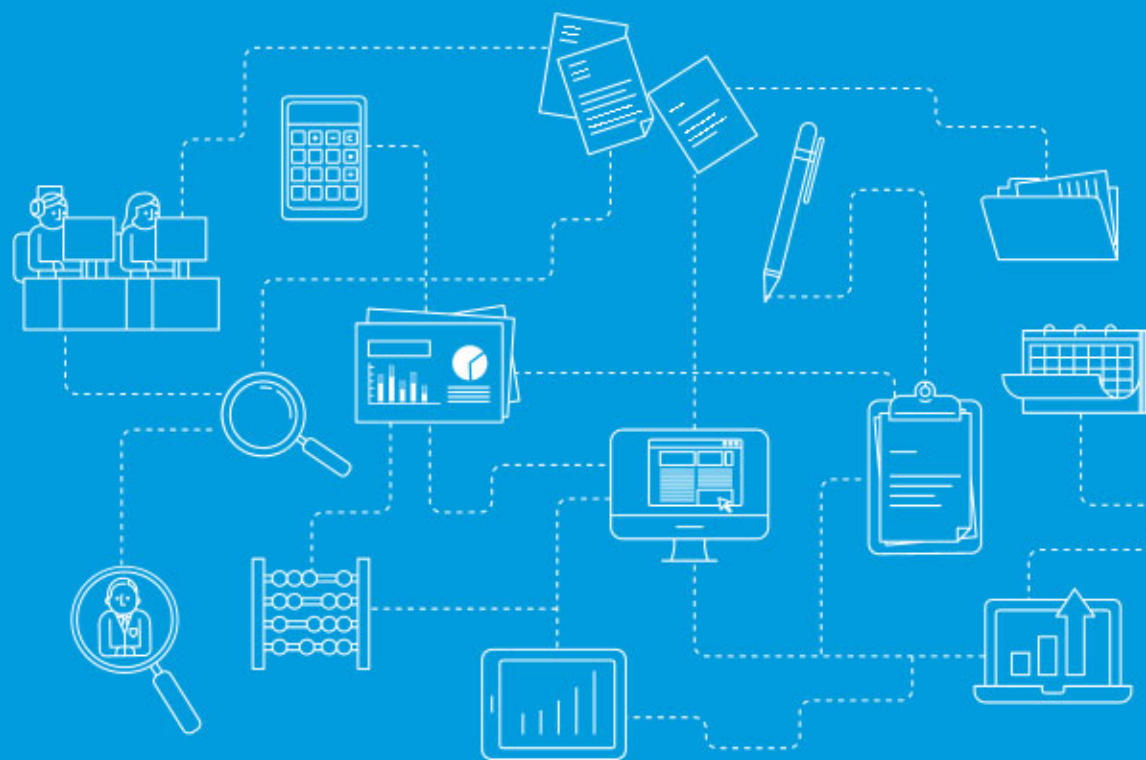
| Audit Area  | Strategic / Operational Risk | 2022/23 | 2023/24  | 2024/25    | 2025/26 | 2026/27 | 2027/28 |
|---|------------------------------|---------|----------|------------|---------|---------|---------|
| Tree Management   |                              |         | Adequate |            |         |         |         |
| Disabled Facilities Grants Annual Declaration   |                              |         | ✓        | ✓          | ✓       | ✓       | ✓       |
| Climate - Carbon Data / Environment   | Risk 11                      |         | Adequate |            |         |         | ✓       |
| Business Continuity Planning  | Risk 6                       |         | Advisory |            |         | ✓       |         |
| IT Audit / IT Procurement and Contract Management / Critical Application Security     | Risk 1                       |         | Advisory |            |         | ✓       | ✓       |
| People Capacity / People / Human Resources  | Risk 12                      |         | Advisory |            | ✓       | ✓       | ✓       |
| Freedom of Information (FOI)  |                              |         |          |            |         | ✓       |         |
| GDPR Healthcheck  | Risk 10                      |         | Advisory |            | ✓       |         | ✓       |
| Budgetary Control / Medium Term Financial Planning                                    | Risk 4                       |         |          | Reasonable |         | ✓       |         |
| Operational Vehicles Maintenance Process  |                              |         |          | Reasonable |         |         | ✓       |
| One Leisure, Pool Operation Records / Leisure Provision                               |                              |         |          | ✓          |         | ✓       |         |
| Review of Commercial Estates rent review processes and invoicing / Estates Management |                              |         |          | ✓          |         |         | ✓       |



| Audit Area  | Strategic / Operational Risk | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---|------------------------------|---------|---------|---------|---------|---------|---------|
| Green Bin Implementation and transfer to BAU operations |                              |         |         | ✓       |         |         |         |
| Key Financial Controls                                  | Risk 4 / Risk 9              |         |         | ✓       | ✓       | ✓       | ✓       |
| Housing / Homelessness / Temporary Accommodation        | Risk 15                      |         |         |         |         | ✓       |         |
| Equality and Diversity                                  | Risk 18                      |         |         |         |         |         | ✓       |
| Staff Mental Health and Wellbeing                       | Risk 7                       |         |         |         |         | ✓       |         |
| Home / Hybrid Working                                   | Risk 7                       |         |         | ✓       |         |         | ✓       |
| Health and Safety                                       | Risk 7                       |         |         |         |         | ✓       |         |
| Follow Up   | All risks                    |         |         | ✓       | ✓       | ✓       | ✓       |

# Your Internal Audit Service and Internal Audit Charter

# 03



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## 3.1 YOUR INTERNAL AUDIT SERVICE

### Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Global Internal Audit Standards in the UK Public Sector. Our next external quality assessment (EQA) will take place in 2026.

Under the Standards, internal audit services are required to have an EQA every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA.

The external review concluded that RSM 'generally conforms\*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

\* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.



## 3.2 INTERNAL AUDIT CHARTER

### Need for the charter

This charter establishes the purpose, mandate, authority, role and responsibilities for the internal audit service for Huntingdonshire District Council. The establishment of a charter is a requirement of the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. Our internal audit services are designed to conform with the Global Internal Audit Standards in the UK Public Sector.

Approval of the charter is the responsibility of the CGC.

The internal audit service is provided by RSM UK Risk Assurance Services LLP ('RSM').

### Purpose

The purpose of the internal audit function is to strengthen Huntingdonshire District Council's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight. We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives.

### Mandate

#### Authority

In approving this Charter, Huntingdonshire District Council grants RSM the mandate to provide the board and senior management with objective assurance, advice, insight and foresight.

The internal audit team is authorised by the board to:

- Have full and unrestricted access to all functions, records, data, information, property and personnel which it considers necessary to fulfil its role.
- Have full and free access to the Board.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.

- 
- Initiate or approve accounting transactions on behalf of the organisation.
  - Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

### Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Dan Harris (acting as your interim head of internal audit). The independence of RSM is assured by the internal audit service reporting to the chief executive, with further reporting lines to the Section 151 Officer and Chief Executive Officer.

Through this charter, RSM confirms the organisational independence of internal audit annually. Should any changes in governance structure arise during the year, limiting independence, this will be brought to attention and the safeguards put in place communicated.

Circumstances may justify a follow-up discussion between the head of internal audit, board, and senior management on the internal audit mandate or other aspects of the charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the head of internal audit, board, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

To assist the assessment; RSM is able to remain independent for the following reasons:

- As an outsourced provider of internal audit services to Huntingdonshire District Council, independence is inherent in our delivery and audit methodology.
- Our internal auditors do not have any operational responsibilities across Huntingdonshire District Council.
- No member of the audit team is employed by Huntingdonshire District Council.
- The head of internal audit reports to the Chief Executive and CGC Chair.
- RSM methodology includes a second partner review (by another head of internal audit who does not work on Huntingdonshire District Council of the annual plan, the year-end annual report and opinion.
- The Internal Audit Charter details our role and responsibilities and the authority we have which enables us to undertake our internal audit service.

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The head of internal audit has unrestricted access to the Chair of CGC to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Internal audit conforms with the Global Internal Audit Standards which includes the principles and standards of ethics and professionalism. Internal auditors maintain an unbiased mental attitude. This allows auditors to perform engagements objectively, and without their judgment on audit matters impacted by others, either in fact or appearance.

Conflicts of interest may arise where RSM provides services other than internal audit to Civil Nuclear Police Authority. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Board. The nature of the disclosure will depend upon the potential impairment, and it is important that our role does not appear to be compromised in reporting the matter to the Board. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

RSM have provided Risk Management Support to the Authority in Q4 2024/25 by supporting you to refresh your risk registers We also continue to provide the 4Risk Risk Management software to the Authority. All of these engagements have been undertaken through a separate letter of engagement. We have put in place separate reporting lines and engagement partners, with the Head of Internal Audit having no direct involvement in these engagements. We are therefore actively managing any potential conflict of interest, and we have actively managed any potential self-review threat and conflicts ahead of accepting any of these engagements

## Board oversight

In establishing the internal audit function, ensuring it is positioned independently and overseeing performance, the board will:

- Support and champion the mandate of internal audit, enabling it to fulfil its objectives, and working with senior management, enable unrestricted access to information and records.
- Discuss with the head of internal audit and senior management internal audit's authority, role, responsibilities, scope and types of services (assurance / advisory).
- Establish and protect the internal audit function's independence and ensure a direct reporting relationship, allowing the head of internal audit to discuss matters with the board without senior management present.
- Review, discuss other topics for inclusion, and approve annually the internal audit charter. This includes approving the mandate, the scope and internal audit services.
- Participate in discussions with the head of internal audit and senior management about the 'essential conditions' in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Review the internal audit charter annually with the head of internal audit to consider changes affecting the organisation, such as changes in the type, severity, and interdependencies of risks.
- Approve the risk-based internal audit plan.



- 
- Appoint and remove the internal audit function and approve our fee.
  - Collaborate with senior management to determine the competencies, experience and qualifications required of the head of internal audit.
  - Review internal audit performance and receive communications from the head of internal audit on performance relative to plan.
  - Discuss the quality assurance and improvement programme (QAIP) and review the QAIP annual briefing sharing themes and learning from reviews undertaken across our client base.
  - In collaboration with senior management, ensure internal audit has the resource to fulfil the mandate and internal audit plan. At least annually, discuss with the head of internal audit whether internal audit scope and resource is sufficient.

### Internal audit responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Board and senior management for review. The plan will be approved each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Board. The plan will be updated in response to organisational changes including risks, operations, programmes, systems and controls. All significant changes are communicated to the Board and senior management.
- Ensure the internal audit team consists of professional audit staff with the competencies, knowledge, skills, and experience to meet the requirements of the Global Internal Audit Standards in the UK Public Sector and enable internal audit to fulfil its mandate.
- Establish a quality assurance and improvement programme to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives and improving the efficiency of governance, risk management and internal control processes.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Identify themes, trends and emerging issues that could impact the organisation and where appropriate communicate matters to the board and senior management.
- Communicate the impact of resource limitations on the internal audit plan to the board and senior management.

- Report regularly to the board to demonstrate the performance of the internal audit service.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the head of internal audit cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the board.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner(s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Senior management who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.
- CGC - The highest-level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, 'board' may refer to a committee or another body to which the governing body has delegated certain functions (eg an Audit Committee).

## Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date.
- Key information such as the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / client portal.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

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## Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Board. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Board and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service, we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM UK Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

## Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties. Internal auditors are accountable for confidentiality and safeguarding records and information.

## Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. We have in place a quality assurance and improvement programme, consisting of both internal and external assessments. Internal assessments are led by a dedicated Quality Assurance Department who undertake these reviews. Under the standards, internal audit services are required to have an external quality assessment every five years. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the Board.

The head of internal audit will report annually to the board and senior management regarding the internal audit function's conformance with the Standards, which is assessed through a quality assurance and improvement programme. Themes and learning from Quality Assurance Department reviews undertaken across our client base will be shared. This includes how the principles in the Internal Audit Code of Practice have been applied.

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## Fraud

The Board recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Board recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

## Approval of the internal audit charter

By approving this document, the internal audit strategy, the CGC is also approving the internal audit charter.



## FOR FURTHER INFORMATION CONTACT



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We are committed to delivering an excellent client experience every time we work with you. If you have any comments or suggestions on the quality of our service and would be happy to complete a short feedback questionnaire, please contact your RSM client manager or email [admin.south.rm@rsmuk.com](mailto:admin.south.rm@rsmuk.com).

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Huntingdonshire District Council and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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