

Leicester
City Council

MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE

DATE: MONDAY, 26 JANUARY 2026

TIME: 5:30 pm

PLACE: Meeting Room G.01, Ground Floor, City Hall, 115 Charles Street, Leicester, LE1 1FZ

Members of the Committee

Councillor Kaur Saini (Chair)

Councillor Russell (Vice-Chair)

Councillors Bajaj, Joel, Moore, Rae Bhatia, Singh Patel and Kitterick

Independent members: Seema Jaffer and Mohammed Chunara

Members of the Committee are invited to attend the above meeting to consider the items of business listed overleaf.

For Monitoring Officer

Officer contacts:

Officer contact: Sharif Chowdhury Senior Governance Officer Governance Services, Leicester City Council, City Hall, 115 Charles Street, Leicester, LE1 1FZ Tel. 01164540538 Email. governance@leicester.gov.uk

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PUBLIC SESSION

AGENDA

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1. CHAIR'S ANNOUNCEMENTS

2. APOLOGIES FOR ABSENCE

3. DECLARATIONS OF INTEREST

4. MINUTES OF THE PREVIOUS MEETING **(Pages 1 - 6)**

The minutes of the meeting held on 26 November 2025 are attached and Members will be asked to confirm them as a correct record.

5. MID-YEAR PROCUREMENT UPDATE **(Pages 7 - 12)**

The Director of Finance submits a report to the Governance and Audit Committee which presents the Mid-Year Procurement Update report.

The Governance and Audit Committee is asked to note the contents of this report and make any comments to the Director of Finance.

6. INTERNAL AUDIT PROGRESS REPORT **(Pages 13 - 32)**

The Director of Finance submits a report to the Governance and Audit Committee which presents the Internal Audit Progress Report.

The Governance & Audit Committee is recommended to note the progress made in delivering the 2025/26 internal audit work programme, and plans for delivery over the remainder of the year.

7. INTERNAL AUDIT WORK PROGRAMME CONSULTATION - 2026-27 **(Pages 33 - 48)**

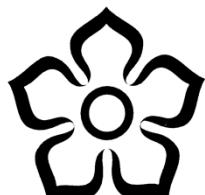
The Director of Finance submits a report to the Governance and Audit Committee which presents the Internal Audit Work Programme Consultation – 2026-27.

The Governance & Audit Committee is recommended to provide its views on areas that should be considered a priority for inclusion in the 2026/27 internal audit work programme.

8. ACTION TRACKER **(Pages 49 - 50)**

The Committee is recommended to note progress on actions agreed at the previous meeting and not reported elsewhere on the agenda (if any).

9. ANY OTHER URGENT BUSINESS



Leicester
City Council

Minutes of the Meeting of the GOVERNANCE AND AUDIT COMMITTEE

Held: Wednesday, 26 November 2025 at 5:30 pm

P R E S E N T :

Councillor Kaur Saini (Chair)
Councillor Russell (Vice Chair)

Councillor Bajaj
Councillor Joel

Councillor Kitterick
Councillor Dr Moore

Councillor Singh Patel
Councillor Westley

* * * * *

1 Apologies for Absence

Councillor Kaur Saini, as Chair, welcomed all those present to the meeting.

Apologies for absence was noted from Councillor Rae Bhatia, who was substituted by Councillor Westley.

2 Declarations of Interest

Members were asked to declare any interest they had in the business to be discussed on the agenda.

Councillor Moore declared an interest relating to a family member who had taken work stress related leave from their employment at the Council in relation to the Health and Safety Annual Report Item. However, they retained an open mind.

3 Minutes of the Previous Meeting

RESOLVED:

That the minutes of the previous meeting held on 17 September 2025 be confirmed as a correct record.

4 Independent Member Report

Director of Finance, Amy Oliver, introduced and welcomed the two newly recruited Independent Members, Seema Jaffer and Mohammed Chunara, to the Governance and Audit Committee.

It was noted for the sake of clarity that Independent Members are non-voting members but could provide an additional layer of oversight and perspective to the Committee.

RESOLVED:

That the appointment of the two new Independent Members to the Governance and Audit Committee be noted.

5 Health & Safety Annual Report 2024/25

The Director of Corporate Services, Andrew Shilliam introduced the item, welcoming Vicky Deacon as the newly appointed Assistant Director of People and Corporate Services.

Vicky Deacon presented the item and provided an overview of the report, highlighting the following points:

- The overall Health and Safety audit score had reached 83% for 2024/25, with 49% of audits being first-time audits.
- Year on year improvement had been noted, including a 5% increase overall since the program began.
- Significant improvements were noted in Adult Social Care (58% to 83%), Children's Services (up to 73%) and Environmental and Sports Services (83%).
- Adverse accidents had been reduced by 9%, with staff work-related ill-health having decreased by 40%.

Members of the Committee discussed the report, and the following points were noted:

- Member's raised concern regarding lone working compliance, particularly in relation to frontline services. Following discussion, the Committee requested further breakdown and Council engagement with Trade Union representatives, with the extension of an invite to a future Committee meeting, when the report is received next year.
- Concerns and queries were raised regarding the working from height safety scores, which were noted to have dropped to 64% from 90%. It was noted that working from height training related to ladder training as well as scaffolding. Areas of significant reduction had been advised to undertake training.
- Members discussed the risk to staff members when undertaking home visits to residents' properties. It was noted that Safety Management Standards set out what the Council expected from staff in such instances, which did sufficiently cover lone working and violence processes. It was further noted that services have their own ways of flagging concerns that relate to service users and/or

addresses. For example, the Housing Team have a flagging and cautionary contact system which notifies of risks.

RESOLVED:

That the report be noted alongside comments and recommendations made by Members of the Committee.

6 Risk Management Update

The Director of Corporate Services presented the report and provided an overview of the update to the Strategic Risk Register, noting that no new strategic risks had been identified, and only one risk (3.2 - Less healthy and health resilient population) had changed, having reduced.

Members discussed the report, and the following points were raised:

- Significant concern was raised by Members regarding perceived stagnation of risk scores, where actions to treat the risks do not appear to improve scoring. It was noted that a significant amount of information regarding what risk controls are in place, how they're performing, and whether the risk itself had evolved during the period of reporting which itself might impact on the score were not reported, leading to a partial understanding. Officers would consider how to present additional information in a clearer manner in future meetings.
- Members queried that some risks had been removed altogether, such as the presence of reinforced concrete in school building. In response it was explained that these risks had not necessarily ceased to be a concern, rather the reduced score meant that they had been removed from the Operational Risk Register but remained on the Divisional Risk Register.
- Members questioned the meaning of risk 3.5 regarding social activism, which was considered to be a positive feature of society. It was clarified that an increasing level of negative social activism across the country could have a significant impact on some of our communities.

RESOLVED:

That the report be noted and for officers to take into consideration comments made by Members of the Committee.

7 Counter Fraud Mid-Year Update

Daniel Clubb, Assistant Director – Corporate Fraud for Veritau, presented the Counter Fraud report update, and provided an overview, noting that the report spanned up until the end of the financial year in September 2025.

Attention was drawn to review undertaken of the long-term empty properties owned by the Council, of which 92 had been identified as occupied. It was noted that the Council benefitted from the National Fraud Initiative and accompanying Strategy, which shared fraud alerts across the country from other authorities.

RESOLVED:

That the report be noted.

8 Anti Fraud, Corruption and Bribery Policy

Daniel Clubb, Director of Corporate Fraud for Veritau, introduced himself and presented the updated Anti-Fraud, Bribery and Corruption Policy. It was noted that work was conducted around six other local authorities including Leicester City Council, and information regarding related anti-fraud and bribery matters were shared across all authorities.

It was further noted that they would be in attendance in the new year to provide an awareness session for Committee Members.

Members discussed the report, and the following points were noted:

- While Members questioned the speed and efficiency of the Veritau team due to them undertaking work spanning six authorities. It was noted that the same approach was undertaken at all authorities and recognised the importance of acting quickly. A scale of priority was used when addressing reports from member authorities and the most crucial were addressed first by officers local to the authority.
- Amy Oliver, Director of Finance, noted no detrimental changes since moving to Veritau, having already received a significant amount of support from the team with Council processes, gaining access to information and learning from other authorities such as the City of York Council, deepening resilience within Leicester City Council processes.
- It was noted that it was cheaper to the Council to source external providers, such as Veritau, than it was to provide an in-house service.
- Members raised concerns regarding conflicts of interest in Social Care and contracting arrangements, specifically regarding those who are already employed by the Council who enter a contract with the Council. The Director of Finance noted that they were happy to investigate any cases that were potentially identified.
- Members questioned whether another report could be provided to the Committee detailing the number of incidents investigated. It was noted that the Committee would be provide with a mid-year report and could provide further information if requested by the Committee.

RESOLVED:

That the Anti-Fraud, Corruption and Bribery Policy located at Appendix 1 of the report be approved and noted.

9 Anti-Money Laundering Policy

The Director of Finance submitted a report to the Governance and Audit Committee which presented the Anti-Money Laundering Policy.

Daniel Clubb, Director of Corporate Fraud for Veritau presented the report and provided Members with a brief overview.

Members discussed the report and highlighted the following points:

- Members expressed concern whether the three-year review cycle was sufficient given the increasing level of sophistication in money-laundering methods. It was confirmed that if there were any required changes the reports would be bought sooner.
- Members questioned which authority's jurisdiction it was where members of the public held concerns about money laundering in local businesses. It was noted that concerns about local businesses would be Leicestershire Police's domain, as the Council's Anti-Money Laundering policy related only to matters directly involving the Council, such as high-value transactions like the purchase of properties.
- Members queried the Council's current stance and future intentions regarding the use of cryptocurrency. It was noted that the Council was not currently looking into using or investing cryptocurrency.

RESOLVED:

That the Anti- Money Laundering Policy included at Appendix 1 be approved.

10 Any Other Urgent Business

There being no other urgent business, the meeting closed at 6:39pm.

2025-26 Mid-Year Procurement Report

Governance and Audit Committee

Lead director: Amy Oliver, Director of Finance

Date of meeting: 26th January 2026

Useful information

- Ward(s) affected: All
- Report author: Izabela Skowronek, Head of Procurement
- Author contact details: izabela.skowronek@leicester.gov.uk
- Report version number: 1

1. Summary

- 1.1. The Contract Procedure Rules require the Head of Procurement to report a summary of waivers (not exemptions) to Governance and Audit Committee ('the Committee') annually.
- 1.2. This report provides a mid-year update on waivers during the first half of 2025-26, following concerns raised by the Committee at the September 2025 meeting.

2. Recommended actions

- 2.1. The Committee is asked to note the contents of this report and make any comments to the Director of Finance.

3. Background

- 3.1. The Contract Procedure Rules require the Head of Procurement to report a summary of waivers (not exemptions) to Governance and Audit Committee. At the meeting in September 2025, it was agreed to provide a mid-year update.
- 3.2. So far in 2025-26 (Apr-Sep) the Council has completed 63 procurements with a total estimated value of £202m.

4. 2025-26 Q1 & Q2 Waivers – Overview

- 4.1. In the first half of 2025-26, there has been a total number of 20 waivers with a total value of just under £4m.
- 4.2. Out of the 20 waivers received, in 18 cases the value did not exceed the applicable legal threshold, meaning that while the Council's internal rules were not followed, the contract was not in breach of the procurement law.
- 4.3. The remaining two instances represent a greater risk to the Council, however, a competitive procurement is currently underway, and the contracts are expected to be compliantly awarded soon.
- 4.4. The tables below show an analysis of the waivers approved so far this year with a comparison against last year.

Table 1: Waivers by department: for the first half of 2025/26 and 2024-25

Department	2025-26 (Q1&2 only)		2024-25 (full year)	
	Total Value (£000)	Total Number	Total Value (£000)	Total Number
Social Care and Education	801	2	34,804	42
City Development and Neighbourhoods	2,976	17	19,023	58
Corporate Resources and Support	156	1	1,628	18
Public Health	-	0	330	4
Grand Total	3,994	20	55,785	122

Table 2: Waivers by reason: for the first half of 2025-26 and 2024-25

Department	2025-26 (Q1&2 only)		2024-25 (full year)	
	Total Value (£000)	Total Number	Total Value (£000)	Total Number
Continuity of provision	1,959	3	39,185	57
Retrospective	1,065	12	12,720	42
Urgency	910	5	2,905	14
Limited Supply Market	-	0	371	2
Other	-	0	603	7
Grand Total	3,994	20	55,785	122

5. 2025-26 Q1 & Q2 Waivers – Further Detail

5.1. The Committee have requested for the report to include further detail on waivers in the reporting period, which is presented in the table below.

Table 3: Breakdown of Waivers over £50,000.00 in the first half of 2025-26

Ref	Title	Value (ex Vat)	Breach of Council's CPRs?	Breach of procurement law?	Reason for Waiver	Department	Division	Director	Action taken
FEW1518	Washroom Services	£85,000.00	Yes	No	Retrospective	City Development and Neighbourhoods	Estates & Building Services	Matthew Wallance	Compliant procurement pending.
FEW1519	Franking Machine	£88,000.00	Yes	No	Retrospective	City Development and Neighbourhoods	Estates & Building Services	Matthew Wallance	Compliantly procured contact due to start.
FEW1523	Security Services	£211,390.00	Yes	Yes	Retrospective	City Development and Neighbourhoods	Estates & Building Services	Matthew Wallance	Compliant procurement pending.
FEW1524	Security Services	£686,092.72	Yes	Yes	Continuity of provision	City Development and Neighbourhoods	Estates & Building Services	Matthew Wallance	Compliant procurement pending.
FEW1526	Removal of Illegal and Abandoned Vehicles	£66,416.00	Yes	No	Retrospective	City Development and Neighbourhoods	Planning, Development & Transportation	Andrew L Smith	The contract will have to be re-procured before March 2026.
FEW1529	Provision of Record Office for the City of Leicester	£550,000.00	Yes	No	Retrospective	City Development and Neighbourhoods	Tourism, Culture & Inward Investment	Sean Atterbury	This is an exempt contract. Arrangement now formalised.
FEW1531	Unit4 Cloud Project Management	£156,000.00	Yes	No	Urgency	Corporate Resources and Support	Finance	Amy Oliver	N/A this is a one-off urgent requirement
FEW1536	Energy Case studies at 12 schools	£79,520.00	Yes	No	Urgency	City Development and Neighbourhoods	Estates & Building Services	Matthew Wallace	N/A this is a one-off urgent requirement
FEW1540	Allexton Nursery – Roof Coverings Replacement Works	£300,000.00	Yes	No	Urgency	City Development and Neighbourhoods	Estates & Building Services	Matthew Wallace	N/A this is a one-off urgent requirement
FEW1542	LGR Professional Services	£135,000.00	Yes	No	Urgency	City Development and Neighbourhoods	Planning, Development & Transportation	Andrew L Smith	N/A this is a one-off urgent requirement
FEW1545	Abbey Park Lake emergency works	£239,919.34	Yes	No	Urgency	City Development and Neighbourhoods	Neighbourhood & Environmental Services	Sean Atterbury	N/A this is a one-off urgent requirement
FEW1549	Emergency works to dangerous buildings	£500,000.00	Yes	No	Continuity of provision	City Development and Neighbourhoods	Neighbourhood & Environmental Services	Sean Atterbury	Compliant procurement pending.
DA0003	Minor Adaptation service	£772,448.00	Yes	No	Continuity of provision	Social Care and Education	Adult Social Care & Commissioning	Kate Galloppi	Compliant procurement pending.

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

There are no significant financial implications from this report. However, it is important the Council has robust procurement procedures as this should help ensure we secure value for money, minimise fraud and reduce the likelihood of any successful challenges to awards.

Signed: Amy Oliver

Dated: 28 November 2025

5.2 Legal implications

There is collaborative work between departments to minimise and manage waivers wherever possible. While two waivers exceeded the procurement threshold and several were retrospective, corrective actions are underway. Reliance on urgency and continuity must remain justified, time-limited and compliant with the Procurement Legislation and where relevant the Council's duty of Best Value. Continued focus on planning, early engagement and scrutiny of high-risk waivers will help mitigate future exposure.

Signed: Seema Patel

Dated: 27 November 2025

5.3 Equalities implications

The Equality Act 2010 sets out anti-discrimination law and the requirements of the public sector equality duty (PSED). The PSED requires public authorities to have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act. Advance equality of opportunity between people who share a protected characteristic and those who do not and foster good relations between people who share a protected characteristic and those who do not.

To have 'due regard' means that when making decisions (and in its other day-to-day activities) the council must consciously consider the need to: eliminate discrimination, advance equality of opportunity, and foster good relations. This includes when it plans and makes decisions about its procurement.

The report provides an update on waivers, there are no direct equality implications arising from it. Procurement Standing Orders include appropriate provisions to waive procurement rules in specific circumstances, ensuring flexibility and responsiveness where standard procedures may not be practical or in the Council's best interests.

Compliance with the PSED should help public authorities ensure that the goods and services they procure are fit for purpose thus ensuring they meet the needs of their users. As such it should also be seen as an effective tool for improving economy, efficiency, and effectiveness and therefore value for money. The purpose of the procedure rules is to ensure that any procurement process for services, works or goods achieves best value and is transparent, open, and fair making it possible for all decisions to be audited satisfactorily.

Signed: Equalities Officer, Surinder Singh, Ext 37 4148

Dated: 19 November 2025

5.4 Climate Emergency implications

There are no direct climate emergency implications associated with this report.

Signed: Phil Ball, Sustainability Officer, Ext 372246

Dated: 21st November 2025

5.5 Other implications

N/A

Signed:

Dated:

Signed:

Dated:

Signed:

Dated:

6. Background information and other papers: None.

7. Summary of appendices: None.

8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No.

9. Is this a “key decision”? If so, why? No.

Internal audit work progress report 2025/26

Governance & Audit Committee

Decision to be taken by: N/A

Date of meeting: 26 January 2026

Lead director/officer: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Connor Munro, Assistant Director – Audit Assurance (Veritau)
- Author contact details: connor.munro@veritau.co.uk
- Report version number: 1.0

1. Summary

- 1.1 This report provides an update on the delivery of the internal audit work programme for 2025/26, up to 6 January 2026.

2. Recommended actions/decision

- 2.1 The Governance & Audit Committee is recommended to:
 - 2.1.1 Note the progress made in delivering the 2025/26 internal audit work programme, and plans for delivery over the remainder of the year.

3. Scrutiny / stakeholder engagement

- 3.1 In preparing the internal audit work programme, on which this progress report is based, consultation has taken place with members of the Governance & Audit Committee and key officers from across the council.
- 3.2 The work programme is continually reviewed during the year, alongside senior officers and this committee, to ensure it remains targeted to priority areas.

4. Background and options with supporting evidence

- 4.1 The 2025/26 internal audit work programme was approved by this committee at its meeting on 24 March 2025.
- 4.2 To conform with professional standards, and the council's audit charter, the Head of Internal Audit must report periodically to this committee on the progress made against the internal audit work programme, and on the results of audit activities undertaken.
- 4.3 Appendix 1 to this report provides an update on progress made in delivering the internal audit work programme. This includes a summary of completed work, work currently in progress, and work scheduled for the remainder of the year. It also reports on outcomes from the follow-up of actions agreed in previous audit reports.
- 4.4 Appendix 1 also contains a separate summary of outcomes from the Contract Procedure Rules: waivers audit, and management's response to the findings raised. The audit was requested by the Governance & Audit Committee at its 17 September 2025 meeting.

4.5 There are no alternative options relating to this report. The Governance & Audit Committee is required to note the progress made in delivering internal audit work in order to fulfil its requirements under the committee's terms of reference and the internal audit charter, and to ultimately ensure that the council's internal audit service conforms to professional standards.

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

There are no financial implications arising directly from this report.

Signed: Amy Oliver, Director of Finance

Dated: 12 January 2026

5.2 Legal implications

There are no adverse legal implications arising from this report, it is an update but as a reminder:

The Accounts and Audit Regulation 2015 (Part 2, Section 5) states a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance. Completion of the annual internal audit ensures compliance with both the Global Internal Audit Standards (UK Public Sector) and the Accounts and Audit Regulations 2015. Furthermore, internal audit assists the Director of Finance in fulfilling their duties under Section 151 of the Local Government Act 1972 which requires each Local Authority to make arrangements for the proper administration of their financial affairs.

Signed: Kamal Adatia, City Barrister & Head of Standards (Monitoring Officer)

Dated: 12 January 2026

5.3 Equalities implications

The Council has responsibility for establishing and maintaining appropriate risk management processes, control systems and governance arrangements. There are no equality implications arising directly from this report. The work of the committee, including its regular audits, ensures that the Council's internal controls are effective, transparent, and fair. People from across all protected characteristics should benefit from the work of the committee and the audits that are conducted.

Signed: Surinder Singh, Equalities Officer

Dated: 12 January 2026

5.4 Climate Emergency implications

There are no climate emergency implications arising directly from this update report.

Signed: Phil Ball, Sustainability Officer

Dated: 15 January 2026

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None.

6. Background information and other papers:

None

7. Summary of appendices:

Appendix 1 – Internal audit progress report 2025/26

8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a “key decision”? If so, why?

No

Internal Audit Progress Report 2025/26

Date: 26 January 2026

APPENDIX 1

CONTENTS

- 3** Background
- 3** Internal audit progress
- 5** Follow up of agreed actions
- 6** Annex A: Internal audit work in 2025/26
- 11** Annex B: Current audit priorities
- 14** Annex C: Audit opinions and finding priorities
- 15** Annex D: Follow up of agreed actions

Background



- 1 Internal audit provides independent and objective assurance and advice about the council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control, and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Global Internal Audit Standards and the Application Note: Global Internal Audit Standards in the UK Public Sector.
- 3 In accordance with the Global Internal Audit Standards (UK Public Sector), the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Governance & Audit Committee, and to identify any emerging issues which need to be brought to the attention of the committee.
- 4 The internal audit work programme for 2025/26 was agreed by this committee in March 2025.
- 5 Veritau has adopted a flexible approach to work programme development and delivery. Work to be undertaken during the year is kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council.
- 6 The purpose of this report is to update the committee on internal activity up to 6 January 2026.

Internal audit progress



- 7 A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in annex A.
- 8 Since our last report to this committee, five audits have been finalised and four audits have reached draft report stage. Annex A summarises critical or significant findings from the five completed audits (where applicable) and includes actions agreed with management to address identified control weaknesses.
- 9 Nine audits are in progress the time of reporting. The majority of these are approaching the latter stages of fieldwork, having commenced earlier in 2025/26. Some are at earlier stages of fieldwork as the audits started towards the end of quarter three. We expect the outcomes from ongoing audits to be reported to the committee at its March and July meetings.
- 10 At the time of reporting, background planning has begun on the Right to Buy audit, with a further six audits set to begin in the coming weeks. Completion of these audits will see the 2025/26 work programme concluded.

- 11 In addition to the audits mentioned in paragraphs 8-10, we have also continued to support the council by certifying a number of central government grants, and undertaking consultative engagements. More information is provided in Annex A.
- 12 The 2025/26 work programme, showing current priorities for internal audit work, is included in annex B. All work is now categorised as either 'do now' or 'do later'.
- 13 Audits categorised as 'do now' will be undertaken over the remainder of 2025/26 and, once completed, will mark the conclusion of the current year's work programme.
- 14 Audits categorised as 'do later', of which there are 21, will be considered for inclusion in the 2026/27 internal audit work programme alongside other audit priorities that emerge during ongoing consultation. The internal audit work programme is designed to include all potential areas that should be considered for audit in the short to medium term, recognising that not all of these will be carried out during the current year (work is deliberately over-programmed). The 2026/27 programme is currently being developed and will be presented to the committee at its March meeting.
- 15 Annex C provides the definitions for our audit opinions and finding ratings. This can be referred to, to help interpret information presented in annex A.

Contract Procedure Rules: waivers – summary of outcomes

- 16 Among the finalised audits referred to in paragraph 8 is the report on the council's use of waivers during 2024/25. This audit was requested by the committee at its 17 September 2025 meeting. It has involved a review of the five highest value waivers from across departments. A Reasonable Assurance opinion was reached.
- 17 Overall, the audit found that the council has a well-designed process in place for the consideration of waiver requests that requires input from all key stakeholders. Requests are evaluated by officers in finance, procurement and legal and require a final decision by the Divisional Director. It is clear that the council takes its procurement compliance responsibilities seriously. The requirement for a Form for Exemptions and Waivers (FEW) to be submitted brings consistency to the evaluation of requests.
- 18 Four of the five highest value waivers selected for review from 2024/25 were retrospective. This means that the requests were made after the council's Contract Procedure Rules had been breached. The volume and proportion of retrospective waivers remains higher than would be expected. However, by submitting breaches to the waiver request process, the council is ensuring that there is a consistent and proper level of scrutiny.
- 19 In respect of the waivers reviewed, the circumstances of each differed but a theme that emerged was how the council had handled contract extensions and variations. In addition to these findings, we also noted some inconsistencies in how FEWs had been completed. With minor

improvements to how information is recorded in FEWs, arrangements could be further strengthened.

- 20 A summary of management's response to the findings of the report is provided in annex A.

Follow up of agreed actions



- 21 All actions agreed with services as a result of internal audit work are followed up to ensure that issues are addressed. As a result of this work, we are satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits.
- 22 A summary of the current status of follow up activity is included in Annex D.

ANNEX A: INTERNAL AUDIT WORK IN 2025/26

Audits in progress

Audit	Status
Contract management: City Development & Neighbourhoods	In draft
Direct payments and short breaks (adults and children)	In draft
Event management	In draft
Democratic governance and decision making	In draft
Climate Ready Leicester Plan	In progress
Housing rents	In progress
ICT supplier management	In progress
Grant-funded schemes: compliance	In progress
Recruitment, selection, and onboarding	In progress
Planning performance	In progress
School themed audit: capital programme	In progress
Home to school transport	In progress
Payroll	In progress
Right to Buy	Planning
Organisational development / workforce planning	Not yet started
Commissioning: adult social care	Not yet started
Debt management: adult social care	Not yet started

Direct payments: short breaks	Not yet started
Housing allocations	Not yet started
Building control	Not yet started

Final reports issued

Audit	Reported to committee	Opinion	Count of findings by priority			
			Critical	Significant	Moderate	Opportunity
Ordering and creditor payments	July 2025	Substantial Assurance	0	0	1	0
Highways maintenance scheme development	July 2025	Reasonable Assurance	0	2	1	0
Homelessness (high-cost accommodation)	July 2025	Reasonable Assurance	0	3	0	0
School traded services (educational psychology)	July 2025	Reasonable Assurance	0	3	0	0
Agency and consultancy	July 2025	Substantial Assurance	0	0	3	0
High needs funding	July 2025	No Opinion Given	0	2	3	0
Bereavement services	September 2025	Substantial Assurance	0	0	0	0

Risk management	September 2025	Substantial Assurance	0	0	2	0
Council tax and NNDR: arrears management	September 2025	Substantial Assurance	0	0	3	0
Sundry debtors	September 2025	Substantial Assurance	0	0	1	0
Procurement compliance	September 2025	Reasonable Assurance	0	1	2	0
ICT network security	January 2026	Substantial Assurance	0	0	5	0
Contract management: adult social care	January 2026	Substantial Assurance	0	0	2	1
Physical information security	January 2026	Limited Assurance	0	2	2	0
School themed audit: purchasing and best value	January 2026	Reasonable Assurance	0	0	6	0
Contract Procedure Rules: waivers	January 2026	Reasonable Assurance	0	3	2	0

Summary of critical and significant findings (audits reported to the committee for the first time)

Audit

Physical information security		
Finding priority & title	Finding summary	Agreed action(s) and timescale(s)
Significant		
Unlocked storage	During the physical information security sweep of City Hall (undertaken after working hours), numerous unlocked drawers, cupboards, and filing cabinets were encountered across office spaces. Some storage contained personal and / or commercially sensitive information.	A clear desk policy will be implemented, supported by guidance. Key safes will be provided for services throughout the building. <i>30 April 2026</i>
Significant		
Workspaces left unclear	Throughout the building, desks had not been cleared when not in use, with documents, notebooks, and folders being left unsecured. In some instances, these included personal and / or commercially sensitive information.	A clear desk policy will be implemented, supported by guidance. Key safes will be provided for services throughout the building. <i>30 April 2026</i>
Contract Procedure Rules: waivers		
Finding priority & title	Finding summary	Management response
Significant		
FEW1392: Aylestone Road Transforming Cities Fund Scheme	Expenditure was committed to a value above the total contract cost without varying the contract in accordance with the CPRs. As a result, the council breached rules 41.2, 41.3, and 41.5 of its CPRs. These rules cover transparency, openness, and value for money, and the timing and level of approval required for variations.	Management has added additional controls to ensure spend cannot happen without the appropriate procurement process being followed. In addition, training has been provided, and will continue to be provided, in relation to procurement.
Significant		
FEW1452: Provision of welfare advice services	The contract value over the full term had not been estimated in accordance with the CPRs. Arrangements were not made in time to extend the contract beyond its initial term, with the required variation then significantly delayed. As a result, the council breached rules 14.1 and 40.1. These rules set	

	expectations for calculating contract value and approving variations.	
Significant FEW1403: Community Self-Harm Intervention Services	Extension provisions within the contract were not approved before the end of the initial term. By failing to obtain the necessary approvals to extend what is a 'large' contract (under the definition of the CPRs) prior to the end of the initial term, rule 40.1 was breached.	

Other work in 2025/26

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

26

- ▲ Follow up of agreed actions
- ▲ Grant certification work:
 - ▲ ESFA Multiply Funding
 - ▲ DBT Core Growth Hub
 - ▲ DESNZ HUG2
 - ▲ Homes England compliance audit
- ▲ Consultative engagements:
 - ▲ Use of Government Procurement Cards (children's services)
 - ▲ Concerto (LeSTAR) financial controls and interface review
 - ▲ Unit4 reimplementation project support (ongoing)
 - ▲ Leaseholder statement of accounts

ANNEX B: CURRENT AUDIT PRIORITIES

Audit / Engagement	Rationale
Strategic / corporate & cross cutting	
Do now	
Contract management: CDN	Identified in consultation with Corporate Governance Panel.
Democratic governance and decision making	No recent coverage. Links to strategic risk (SRR 1.2)
Recruitment, selection, and onboarding	No recent coverage. Links to strategic risk (SRR 2.2)
Climate Ready Leicester Plan	Emerging risk area. Links to strategic risk (SRR 5.1)
Organisational development/workforce planning	Provides coverage of key assurance area.
Do later	
Contract management: corporate	
Contract management: public health	
Procurement Act compliance	
Business continuity management	
Savings delivery	
Access to information and records management	
Ward community funding	
Financial systems	

Do now

Housing rents	No recent coverage. Provides coverage of a key assurance area.
Payroll	No recent coverage. Provides coverage of a key assurance area.

Service areas**Do now**

Direct payments/short breaks (adults & children)	Emerging risk area. Links to strategic risk (SRR 3.1)
School themed audit: capital programme	Emerging risk area. Provides broader assurance.
Home to school transport	Emerging risk area.
Grant-funded schemes: compliance	No recent coverage. Provides broader assurance.
Events management	Links to strategic risk (SRR 3.5)
Planning performance	Identified in consultation with Corporate Governance Panel.
Right to Buy	Risks / controls are changing. Links to strategic risk (SRR3.3).
Commissioning: adult social care	Risks / controls are changing. Links to strategic risk (SRR 3.2)
Debt management: adult social care	
Direct payments: short breaks	
Housing allocations	
Building control	

Do later

Children's homes and commissioning
Adult safeguarding

Domiciliary Care Service (reablement)
Post-19 planning
Adult Social Care Cost Mitigation Programme
Acquisitions (homelessness)
Community/third sector property income management
Building control
Gladstone membership management system
Community safety

29

Technical / projects

Do now

ICT supplier management Key area for maintenance of the council's security posture.

Do later

ICT user access control
ICT cybersecurity (user awareness and training)
ICT server administration and security
ICT cybersecurity (vulnerability management)

ANNEX C: AUDIT OPINIONS AND FINDING PRIORITIES

Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

30

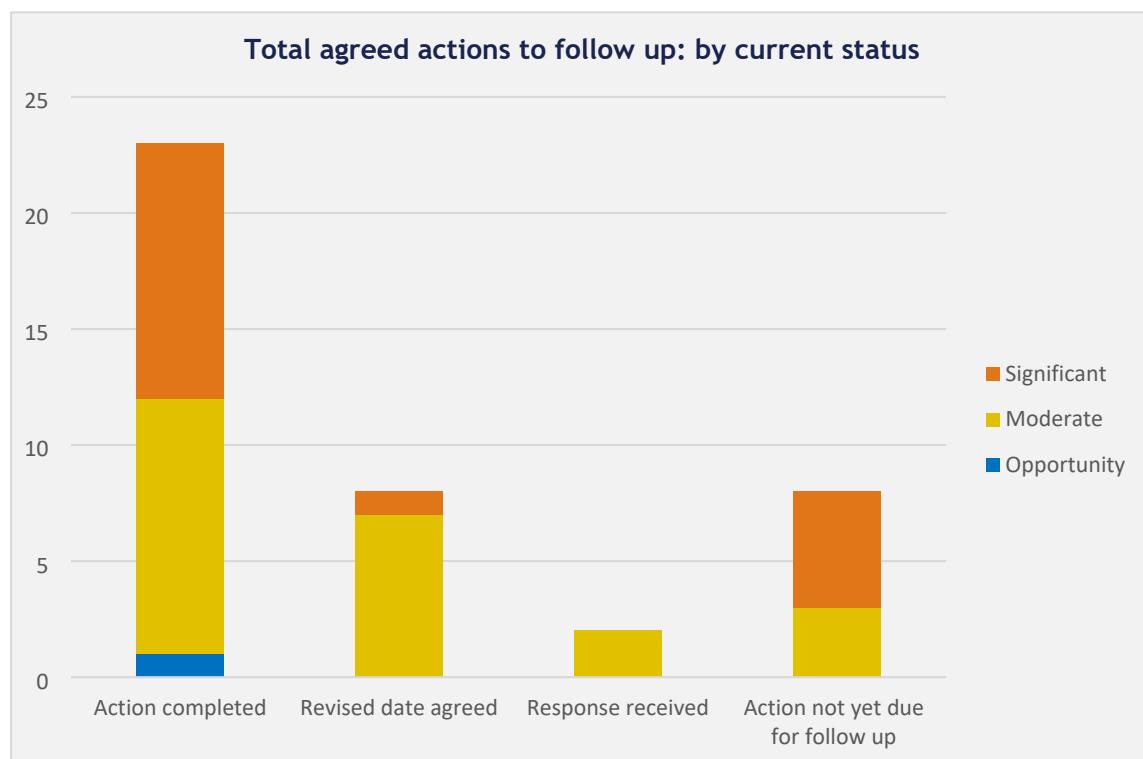
Finding ratings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

ANNEX D: FOLLOW UP OF AGREED ACTIONS

- 1 Follow up work is carried out through a combination of questionnaires completed by responsible managers, risk assessment, and by further detailed review by the auditors where necessary.
- 2 Where responsible officers have not taken the action they agreed to, issues are escalated to more senior officers. Ultimately, they may be referred to the Governance & Audit Committee in accordance with the follow-up and escalation procedure.
- 3 In figure 1, below, the status of agreed actions from follow-up activity undertaken between 1 April 2025 – 31 December 2025 is shown.
- 4 For clarity, the figure shows the results of follow up activity for this period, regardless of when actions were originally due (that is, it includes actions which were due prior to 1 April 2025).
- 5 For completeness, it also shows actions which have been agreed in finalised audits, but which have not yet fallen due and so have not been followed up.

Figure 1: Total agreed actions by current status



- 6 A total of 33 actions have been followed up so far this year. Of these, 23 have been satisfactorily implemented. Eight actions are not yet due for follow-up as their original implementation date has not passed at the time of reporting. There are also two actions where we have received a response

but have not yet been able to conclude whether the risk has been satisfactorily addressed¹.

- 7 Eight actions have had their original implementation timescale extended, with a revised implementation date being agreed with the action owners.
- 8 We agree revised dates where the delay in addressing an issue will not lead to unacceptable exposure to risk and where the delays may be unavoidable. However, the committee should be aware that lengthy or continued revised dates do inevitably lead to a degree of risk exposure to the council.
- 9 Figure 2, below, shows how long dates have been revised from the original implementation date.

Figure 2: Length of revised dates agreed for action implementation



- 10 At the time of reporting, no actions are overdue.

¹There will usually be some instances like this at any point in time. It can be due to ongoing communication with the responsible officers to obtain evidence confirming completion of the action. It can also be due to instances where the action taken is not exactly as agreed and further work is being undertaken to assess whether the action taken does satisfactorily address the risk or because there are ongoing discussions about whether to agree revised dates for the action.

Internal audit work programme consultation 2026/27

Governance & Audit Committee

Decision to be taken by: N/A

Date of meeting: 26 January 2026

Lead director/officer: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Connor Munro, Assistant Director – Audit Assurance (Veritau)
- Author contact details: connor.munro@veritau.co.uk
- Report version number: 1.0

1. Summary

- 1.1 This report outlines arrangements for developing the internal audit work programme. It also asks for the Governance & Audit Committee's views on any areas it thinks should be considered for audit in 2026/27.

2. Recommended actions / decision

- 2.1 The Governance & Audit Committee is recommended to:
 - 2.1.1 Provide its views on areas that should be considered a priority for inclusion in the 2026/27 internal audit work programme.

3. Scrutiny / stakeholder engagement

- 3.1 The Governance & Audit Committee and senior officers from across the council (including its statutory officers, Strategic Director DMTs, and other heads of service) will be consulted in the preparation of the internal audit work programme for 2026/27. This report presents the first stage in the consultation process.

4. Background and options with supporting evidence

- 4.1 Internal audit provides independent and objective assurance and advice on the council's operations. It helps the council to achieve its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 4.2 The Global Internal Audit Standards in the UK Public Sector, and the council's audit charter, require internal audit to draw up an indicative programme of work based on an assessment of risk.
- 4.3 The standards require internal audit to independently form a view on the risks facing the council when developing the work programme. However, they also require the opinions of the Governance & Audit Committee, and those of senior council officers, to be taken into account when forming that view.
- 4.4 A specific public sector requirement for internal audit is that the risk-based plan (or programme) must take into account the need to deliver an annual internal audit opinion.
- 4.5 Internal audit work programmes cover a range of risk areas to ensure that the work undertaken enables Veritau to meet the requirement to provide an overall opinion

on the governance, risk management, and control framework operating in the council.

- 4.6 The consultation report included in appendix 1 contains information on our approach to developing the work programme, background on our internal audit opinion framework, and some examples of arrangements, systems and processes Veritau could review under each area of the framework.
- 4.7 Consultation with senior council officers on proposed 2026/27 internal audit work will be undertaken over the next several weeks. A draft internal audit work programme will then be brought to this committee in March 2026 for approval.
- 4.8 There are no alternative options relating to this report. The Governance & Audit Committee must be consulted on the development of the internal audit work programme in order to fulfil the requirements of the committee's terms of reference and the internal audit charter, and to ensure compliance with professional standards.

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

There are no financial implications arising directly from this report.

Signed: Amy Oliver, Director of Finance

Dated: 12 January 2026

5.2 Legal implications

There are no direct legal implications arising from this report. Robust internal audit arrangements form part of a suite of measures designed to promote financial integrity, legal compliance and overall good governance.

Signed: Kamal Adatia, City Barrister & Head of Standards (Monitoring Officer)

Dated: 12 January 2026

5.3 Equalities implications

The Council has responsibility for establishing and maintaining appropriate risk management processes, control systems and governance arrangements. There are no equality implications arising directly from this report. The work of the committee, including its regular audits, ensures that the Council's internal controls are effective, transparent, and fair. People from across all protected characteristics should benefit from the work of the committee and the audits that are conducted.

Signed: Surinder Singh, Equalities Officer

Dated: 12 January 2026

5.4 Climate Emergency implications

Addressing the climate emergency remains a key strategic priority for the council, with its strategy and action programme having been updated through the adoption of the Climate

Ready Leicester Plan for 2023-2028. The council's ambition remains to reach 'net zero' for both its own estate and operations, and for the wider city. The plan also addresses the need for adaptation to the climate impacts we are already seeing – and which will become more severe in the coming years.

The major risks to the council and the city both from escalating climate impacts, and from the challenges of transitioning from fossil fuel reliance to net zero technologies is reflected in the Strategic Risk Register in: "The impacts and requirements arising from climate change" which is scored as a high risk and is relevant to all service areas.

This should be considered when deciding the content of the forthcoming audit programme.

Signed: Phil Ball, Sustainability Officer

Dated: 15 January 2026

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None.

6. Background information and other papers:

None

7. Summary of appendices:

Appendix 1 – Internal audit work programme consultation report 2026/27

8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

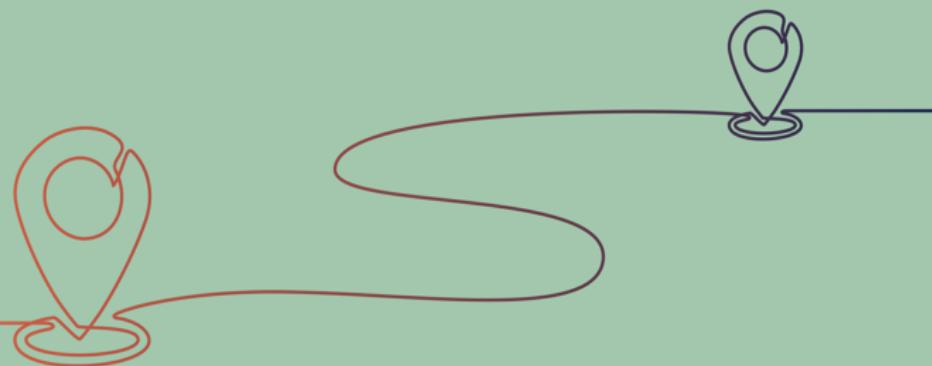
No

9. Is this a "key decision"? If so, why?

No

Internal Audit Work Programme Consultation 2026/27

Date: 26 January 2026



Appendix 1

CONTENTS

- 3** Introduction
- 4** Approach: the opinion framework
- 6** Key assurance areas
- 11** Questions for the committee to consider
- 11** Next steps
- 12** Annex A – the opinion framework

Introduction



Professional standards: work programme development

- 1 The Global Internal Audit Standards in the UK Public Sector (GIAS UK Public Sector), and the council's audit charter, require internal audit to draw up an indicative programme of work based on an assessment of risk. The standards require internal audit to independently form a view on the risks facing the council. However, they also require the opinions of the Governance & Audit Committee and senior council officers to be considered when forming that view.
- 2 A specific public sector requirement for internal audit is that the risk-based programme must take into account the requirement to produce an annual internal audit opinion. Internal audit work programmes cover a range of risk areas to ensure that the work undertaken enables Veritau to provide an overall opinion on the framework of governance, risk management, and control operating at the council.
- 3 This report provides information on Veritau's approach to planning audit work. It also asks for the committee's views on areas it considers a priority for internal audit in 2026/27. This is the first stage in consultation on the annual programme of work. A full draft programme will be brought to the committee for approval at its 16 March meeting.

The year ahead for Leicester City Council

- 4 Despite a forecast underspend for 2025/26¹ and prudent financial management more generally, Leicester City Council, like other local authorities across the country, will continue to face significant financial challenges as it moves into 2026/27 and beyond.
- 5 The council's five-strand budget strategy is set to be extended out to 2028/29² to help provide more certainty over its financial sustainability in medium term. This will require a continued drive across initiatives such as asset disposal, capital programme reductions, growth constraint in demand-led services, and delivery of savings. The 'managed reserves' approach will also continue, to offset underlying pressure and help close the budget gap.
- 6 In addition to the above, over the next year the council will continue face a range of other challenges to delivery of its services, its strategic objectives, and ultimately to its systems of governance, risk management, and internal control. These challenges will arise from factors such as responding to legislative and regulatory change, cost and demand pressures (particularly within social care), a locally acute housing crisis, and homelessness.

¹ Executive Decision – Revenue Budget Monitoring (Overview Select Committee, 12 December 2025)

² Draft General Fund Revenue Budget 2026/27

7 For internal audit to add most value, it needs to align its work to areas of greatest risk and highest priority. The next sections of this report explain how we do this at Leicester City Council, by applying our 'opinion framework'.

Approach: the opinion framework



The opinion framework

8 The annual opinion is the most important output from internal audit and a key source of objective assurance that the council's leadership team and councillors can use to inform the annual governance statement. The opinion must therefore be well founded if it is to give proper assurance to the council.

9 Veritau has established an opinion framework designed to ensure that assurance coverage is targeted towards priority areas. This, in turn, allows us to provide a properly informed annual opinion. Application of the framework is therefore crucial during the work programme development stage. It continues to be so during the year as the work programme is adapted in response to changes in priorities.

10 The opinion framework has three components. The main component is a definition of several key assurance areas. These represent areas of internal control that we think are essential to the proper functioning of the council. Systems and controls in each area need to be operating effectively to maximise the likelihood that the council's objectives are achieved without undue exposure to risk.

11 The 11 key assurance areas we have identified make the most significant contribution to achievement of organisational objectives or give rise to the greatest risks. They are based on our internal audit experience in local government and on good practice guidance. The 11 areas cover both corporate arrangements, and management of risks and controls in individual service areas that collectively contribute to the council's wider objectives.

12 The GIAS UK Public Sector require that internal audit work is linked to, and contributes to, an organisation's:

- ▲ management of strategic risks, and
- ▲ achievement of organisational objectives and priorities.

13 Therefore, overlaid on the key assurance areas are two further components of the framework:

- ▲ Organisational risks
- ▲ Organisational objectives

- 14 The risks that are most important for audit planning are those set out in the council's strategic risk register. These are the risks included in six-monthly update reports presented to the committee.
- 15 There are many other risks associated with the wide range of services the council delivers. Where appropriate, risks on the operational risk register are considered as part of individual audit assignments. However, the risks on the strategic risk register are those considered most significant to the achievement of the council's objectives and are therefore the main focus for internal audit planning. There are currently 14 risks on the strategic risk register³.
- 16 The council's organisational objectives are expressed via the City Mayor's vision for Leicester. There are 10 priorities which support the vision. These cover supporting the city's people and communities, investment in, and development of, housing, economic investment, the environment, wellbeing, and care services. The priorities are expected to create the conditions to make the city of Leicester a safer, happier, and fairer place to live and work.
- 17 The City Mayor's priorities are, in turn, supported by a range of key strategies across several areas, including: housing and homelessness, planning and development, public safety, public health, transport and streets, environment and sustainability, and social care and education.
- 18 The council's strategic priorities, and the mechanisms by which they are delivered, are an important consideration when identifying and prioritising engagements for inclusion in the internal audit work programme. So too are key documents such as the latest revenue budget and strategy which shape how resources will be deployed to achieve the council's ambitions.
- 19 The internal audit work programme will be developed by looking to have appropriate coverage across all 11 of the key assurance areas. In deciding what work is a priority in each area, we also consider which audits will also provide coverage of strategic risks and corporate priorities.

Overview

- 20 An overview of the process followed in using the opinion framework to determine audit priorities, and so to develop the internal audit work programme, is included in annex A.
- 21 In the next section, we will explain the 11 key assurance areas in more detail and provide examples of risk areas, systems and processes we could review, as part of the 2026/27 programme of work.

³ Risk Management Update (Governance & Audit Committee, 26 November 2025)

Key assurance areas



Key assurance areas: an overview and examples

22 Details of the 11 key assurance areas are set out below. We have provided definitions, and some examples of arrangements, systems, and processes we could audit within each area. The examples are for illustrative purposes and are not exhaustive. Some audits we will consider for inclusion in the work programme are also likely to cut across a number of the key assurance areas.

Strategic planning

23 Strategic planning covers the arrangements the council has to define and develop its strategy, or direction, and make decisions on resource allocation to successfully pursue this strategy. It also encompasses the control measures in place to guide strategy implementation.

24 This area is of importance to internal audit as effective strategic planning is a prerequisite for delivering long term, sustainable success.

Examples

▲ Social care delivery and commissioning	▲ Organisational development
▲ Climate Emergency Strategy	▲ Strategy action planning and delivery

Organisational governance

25 Governance is the combination of processes and structures implemented to inform, direct, manage and monitor the activities of the council toward the achievement of its objectives. At its most visible, governance involves the set of policies put in place for the direction and control of the organisation and the establishment of rules and procedures for making decisions and for complying with relevant legislation and regulations. Governance also encompasses business ethics, leadership, strategic management, and control activities. In a local authority context, the principles of effective governance are set out in CIPFA / Solace's 2016 Delivering Good Governance in Local Government: Framework.

26 Internal audit is expected to assess and make appropriate recommendations to improve the council's governance processes. It is also expected to evaluate risk exposures relating to compliance with laws, regulations, policies, procedures and contracts.

Examples

▲ Adherence to Constitution	▲ Declarations of interests & gifts and hospitality
▲ Policy framework	▲ Transparency

Financial governance

27 Section 151 of the Local Government Act 1972 requires that every local authority in England and Wales should "... *make arrangements for the proper administration of their financial affairs...*". Financial governance involves arrangements for giving a reliable account of the money spent and income received, stewardship of public resources, compliance with legal and regulatory requirements, ensuring value for money, supporting effective decision-making, and facilitating planning and resource allocation.

28 The GIAS UK Public Sector require that internal audit evaluates the adequacy and effectiveness of controls relating to the reliability and integrity of financial information.

Examples

▲ Housing benefits	▲ Fundamental financial controls
▲ Treasury management	▲ Savings delivery

Risk management

29 Risk management encompasses the council's arrangements for identifying, assessing, managing, and controlling potential events or situations to provide reasonable assurance that its objectives will be achieved. It involves being aware of risk exposures, selecting appropriate risk responses that align risks with the council's risk appetite, and communicating relevant information in a timely manner across the organisation.

30 As the council's internal audit provider, the GIAS UK Public Sector expect that we evaluate the effectiveness of risk management processes and contribute to their improvement.

Examples

▲ Business continuity management	▲ Health and safety
▲ Insurance	▲ Disaster recovery

Information governance

31 Information governance is the set of multi-disciplinary structures, policies, procedures, processes, and controls implemented to manage information across the council. These governance arrangements should support the council's immediate and future regulatory, legal, risk, environmental and operational requirements.

32 Given its links to information asset security, compliance risk, and the importance of data in driving and informing the council's decisions and operations, it is an important area for internal audit coverage.

Examples

▲ UK GDPR compliance	▲ Records management
▲ Data breach management	▲ Information access requests

Performance management and data quality

33 Performance management refers to the systematic process by which the council plans, monitors, and improves the delivery of the services it provides to the public. The starting point for performance management is the council's strategic priorities which then filter down the organisation to divisional, service, team and individual levels. The council's performance management framework aims to join up delivery at all levels by setting clear, achievable targets which can be accurately monitored and reported, with corrective action being taken promptly and appropriately.

Examples

▲ Performance framework	▲ Data quality
▲ Staff appraisals	▲ Management information

Procurement and contract management

34 Effective procurement is vital for any local authority to ensure that it maximises value for money in its service delivery. Every procurement process undertaken by the council needs to comply with the provisions of its Constitution (including the Contract Procedure Rules). Public sector procurement also needs to comply with the recently implemented Procurement Act 2023 and Procurement Regulations 2024.

35 Once a procurement exercise is completed and the contract begins, it is essential that it is monitored regularly to ensure compliance with terms and conditions, to manage delivery risk, and to assess performance.

Examples

▲ Individual procurement exercises	▲ Contract management
▲ Compliance with the CPRs	▲ Category management and forward planning

People management

36 This area covers all aspects of the management of human resources across the council. For example, recruitment and selection, remuneration, attendance management, training and talent development, individual performance management, equal opportunities, welfare and industrial relations, working arrangements, culture, and discipline.

37 The council's people are essential to the achievement of its objectives, and there are a wide range of potentially significant risks in this area.

Examples

<ul style="list-style-type: none"> ▲ Service and role-specific training ▲ Equalities, diversity, and inclusion 	<ul style="list-style-type: none"> ▲ Performance management ▲ Attendance management
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Asset management

38 Asset management involves the proper management, safeguarding and recording of assets. It seeks to align the asset base with the council's corporate ambitions and objectives. Key areas for effective asset management include strategic planning, maintenance of accurate records, an understanding of the physical location of assets, allocated responsibility for assets, and periodic and systematic physical verification of the existence, condition, and performance of assets.

39 Ensuring the safeguarding of assets is an area that the GIAS UK Public Sector require internal audit to evaluate when providing assurance on the adequacy and effectiveness of the council's risk management arrangements.

Examples

<ul style="list-style-type: none"> ▲ Building security ▲ Fleet management 	<ul style="list-style-type: none"> ▲ Council house repairs ▲ Acquisition, transfer, and disposal
---------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------

Programme and project management

40 Programmes are a collection of related projects managed in a coordinated way. This can bring benefits and control over and above what is achievable from managing projects individually. Projects are discrete, clearly defined, shorter-term engagements, involving the application of processes, methodologies, and specific/cross-functional skills and methodologies to achieve specific and measurable outcomes.

41 Effective project management is important for the council to ensure resources are used efficiently and to achieve value for money. Particularly for large and high-profile projects that bring about significant change. Internal audit is expected to evaluate risk exposures relating to the effectiveness and efficiency of council programmes and projects.

Examples

<ul style="list-style-type: none"> ▲ Project management framework review / compliance ▲ Project assurance arrangements 	<ul style="list-style-type: none"> ▲ Individual review of projects ▲ Project governance and risk management
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IT governance

42 Information technology (IT) governance is a sub-discipline of organisational governance. It relates to leadership, organisational structures, policies, and processes that ensure that information technology supports council strategies and objectives. IT governance should also support the management and oversight of the council's business as usual activities.

43 The GIAS UK Public Sector require internal audit to assess whether information technology governance supports the council's strategies and objectives.

Examples

▲ Cybersecurity	▲ IT asset management
▲ AI implementation	▲ IT systems development

Questions for the committee to consider



44 As part of our preparations for the audit work programme for 2026/27, the committee is invited to express a view on any areas it feels should be considered a priority for internal audit work. In considering this, relevant questions may include the following:

- ▲ For any of the council's strategic risks, are there any which the committee would like internal audit to look at, to provide additional assurance about arrangements for the management of the risk?
- ▲ What are the biggest threats to the achievement of the council's priorities?
- ▲ Are there any of the 11 key assurance areas where the committee feels internal audit should pay particular attention, to provide it additional comfort that arrangements are operating effectively?
- ▲ Are there any specific elements within the 11 key assurance areas that the committee would like internal audit to look at during 2026/27?
- ▲ Irrespective of the assurance areas, risks, and council priorities, does the committee have any specific suggestions for internal audit assignments we should consider in 2026/27?

Next steps



45 Following consultation with the committee we will hold further discussions with officers to understand their view of priorities for internal audit work over the next year. These meetings will take place during February and early March 2026.

46 Alongside this we will continue to keep abreast of emerging issues relevant to the public sector as well as any specific sectoral risks or developments including any relevant changes to legislation. We will also continue to review committee papers and other relevant background information to ensure we have an up-to-date picture of the challenges and issues facing the council.

47 Information collected will be used to develop the indicative long list of audits to be included in the 2026/27 internal audit work programme. This will be brought to the committee for approval at its 16 March meeting.

48 Our risk assessment, and the programme of work, will then continue be updated and revisited throughout the year to ensure audit work continues to target priority areas.

ANNEX A - THE OPINION FRAMEWORK

1

The Audit Universe

The audit universe represents all areas across the council that Veritau has identified as being auditable. The universe is broadly structured as follows:

- ▲ Corporate and cross-cutting
- ▲ Key financial systems
- ▲ Service areas
- ▲ ICT and technical

2

11 Key Assurance Areas

-  Strategic planning
-  Organisational governance
-  Financial governance
-  Risk management
-  Information governance
-  Performance management and data quality

 Procurement and contract management

 People management

 Asset management

 Programmes and project management

 IT governance

3

Strategic Risks

A total of 14 risks, categorised using 'PESTLE', as follows:

- ▲ Political
- ▲ Economic
- ▲ Socio-cultural
- ▲ Technological
- ▲ Legal
- ▲ Environmental

4

Internal Audit Work Programme

5

Mayoral Priorities

- ▲ Supporting people and communities
- ▲ A good job and a good home
- ▲ Safe, clean streets
- ▲ Climate ready
- ▲ Our wellbeing and quality of life
- ▲ Our children and young people
- ▲ Our care services

4

Supported by several other key strategy documents.

ACTION TRACKER - GOVERNANCE AND AUDIT				
AGENDA ITEM	ACTION REQUIRED	DIRECTOR RESPONSIBLE	PROGRESS NOTES	COMMENTS
ACTIONS ARISING 26 NOVEMBER 2025				
Health and Safety Annual Report	To include further breakdown of lone working in the next report and extend an invite to Trade Union at a future meeting.	Victoria Deacon	To be included in future report and meeting.	Open

