

Internal Audit

## Internal Audit – Progress Report 2025-26

**Mid Devon District Council  
Audit Committee**

December 2025

Official



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## Introduction

This report provides a summary of the performance against the Internal Audit plan for the 2025/26 financial year to date, highlighting the key areas of work undertaken and summarising our main findings and recommendations aimed at improving controls. The Internal Audit plan for 2025-26 was presented and approved by the Audit and Governance Committee in March 2025

The level of risk associated with each of the areas in Appendix 1 has been determined either from the Local Authority's Risk Register (LARR), or the Audit Needs Assessment (ANA) carried out at the planning phase. Where the audit was undertaken at the request of the client it has not been risk assessed. Assurance and recommendations should be considered in light of these risk levels and the impact this has on the achievement of corporate / service goals.

The Global Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This progress report provides a summary of work completed to date that will help inform the annual assurance opinion.

These documents combine to set out the framework for Internal Audit that must be followed as per Section 5 of the Accounts and Audit Regulations 2015. During 2025/26 DAP will be undertaking a GAP Analysis of existing processes in relation to the above for each DAP Partner. The outcomes will result in action plans that will be worked through with the Partners to ensure compliance, this is likely to require actions from both DAP and Partners to ensure compliance with the revised governance arrangements and other applicable activities. Further information will be provided in due course.

### Expectations of the Audit Committee from this report are to consider

- The assurance statements within this report for any work finalised in this period.
- The completion of audit work against the plan.
- The scope and ability of audit to complete the audit work.
- Audit coverage and findings provided, including amendments to the audit plan.
- The overall performance and customer satisfaction on audit delivery.

In review of these the Audit Committee are required to consider the assurance provided alongside that of Corporate Risk Management and satisfy themselves from this assurance that the internal control framework continues to be maintained at an adequate level to mitigate risks and inform the Executive for governance requirements.

Contents	Page
Introduction	2
Opinion Statement	3
Assurance Mapping	4
Summary Outcomes	5
Value Added	6
Performance	7
Counter Fraud Update	7
<b>Appendices</b>	
1 – Summary of Audit Reports and Findings	8
2 – Professional Standards	11
3 – AGS Assurance Framework	12
4 – Annual Governance Framework Assurance	13
5 - Basis for Opinion	14

## Overall Opinion Statement

**Overall, based on work performed during 2025/26 to date and our experience from the current year progress and previous years' audit, the Head of Internal Audit's Opinion is of "Reasonable Assurance" on the adequacy and effectiveness of the Authority's internal control framework.**

Our audit planning process is both risk based and agile, as such our resources, and consequently our interim and annual reports will inevitably focus upon higher risk areas

The Authority's internal audit plan for the year includes specific assurance, risk, governance, and value-added reviews which, with prior years audit work, provide a framework and background within which we assess the Authority's control environment.

In carrying out reviews, Internal Audit assesses whether key and other controls are operating satisfactorily and an opinion on the adequacy of controls is provided to management as part of the audit report. All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified. Implementation of action plans rests with management, and these are reviewed during subsequent audits or as part of a specific follow-up.

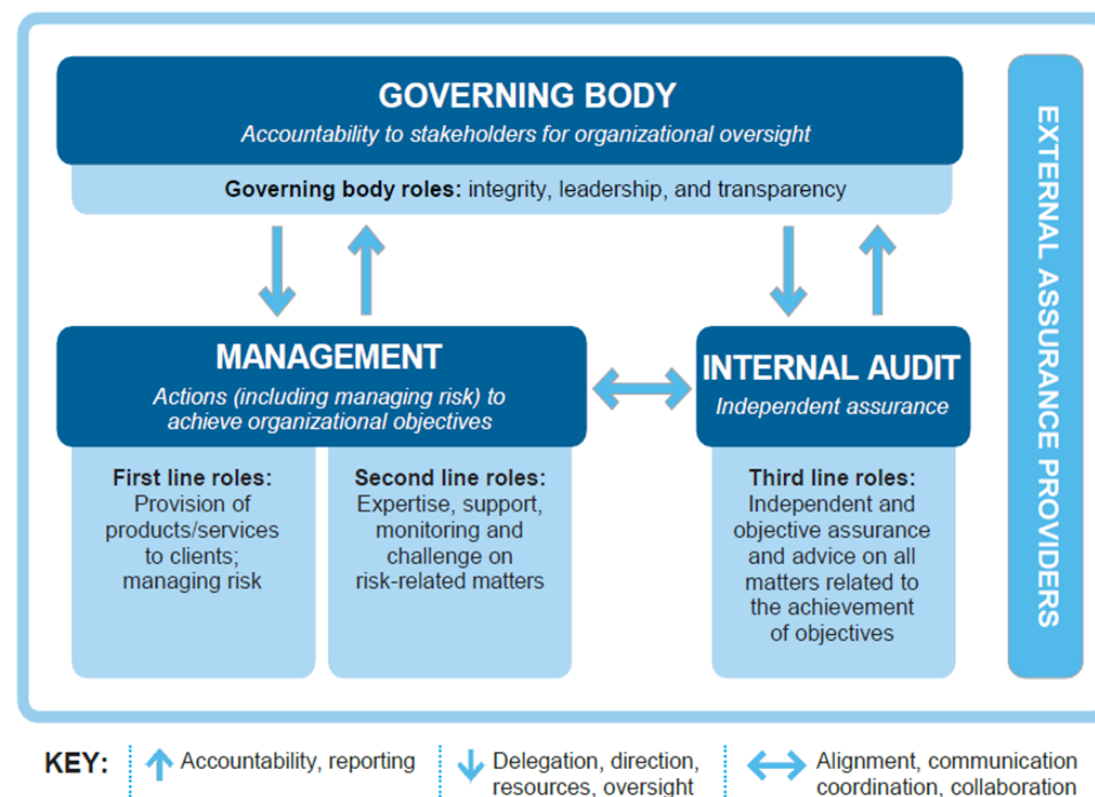
<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

## Assurance Mapping

Assurance Maps can be a valuable tool for organisations, aiding in monitoring and decision making and providing a source of reference for management at all levels on the overall health of the organisations control environment and in support of the Annual Governance Statement. The Institute of Internal Auditors provides a summary of the benefits of Assurance Mapping:

- An assurance map brings an organisations risk appetite to life. At the same time as highlighting assurance gaps, it also shows where there is duplication or too much assurance. It is a simple way of aligning assurance resource, risk and internal control.
- It improves awareness of the control environment by looking across the organisation rather than at individual reports which can lead to siloed thinking.
- It drives positive behaviours by enabling robust discussions about risk, educating on the value of assurance and aiding collaboration between functions.
- Collectively, the assurance community of an organisation often has a more powerful voice when it works together; an assurance map is a practical platform benefiting all parties.

The Three Lines Model helps organisations identify structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management.



## Summary Assurance Opinions

Service Area						
Key Financial Systems	Property, Climate, Leisure	Legal, HR & Governance	Performance, Operations	ICT , Communication, Customer Engagement	Place, Economy, Planning	Housing & Environmental Health
Procurement - <i>Reasonable</i>	Housing Rents - <i>Reasonable</i>	Corporate Plan - <i>Substantial</i>	Waste & Recycling	Patch Management - <i>Limited</i>	Listed Buildings & Conservation Areas	Repairs & Maintenance - <i>Reasonable</i>
Council Tax/NNDR <i>Fieldwork</i>	Commercial Rents - <i>Fieldwork</i>	Legal Services - <i>Reasonable</i>	Grounds Maintenance (Parks & Open Spaces)	Secure Configuration - <i>Fieldwork</i>	Planning Projects - e.g. Culm Garden Village	Service Charges - <i>Fieldwork</i>
Income Collection	Leisure Centres	Staff Performance & Appraisals - <i>Reasonable</i>		IT Risk Management		Care Service (Alarm Income) - <i>Draft Report</i>
Creditors		Corporate Information Management - Information Assets ,Data Protection, FOI <i>Reasonable</i>		Internal Communications		Stores
Payroll		Governance - inc Ethics & Culture <i>Fieldwork</i>		Health & Safety Management Arrangements - Council Assets incl Estate Inspections		
Main Accounting		Skills & Training		Health & Safety Management Arrangements - incl Stock		
Housing Benefits		Electoral Registration & Elections				
Debtors		Safeguarding				
VAT						
Contract Management						

## Value Added

We know that it is important that the internal audit service seeks to "add value" whenever it can. We believe internal audit activity can add value to the organisation and its stakeholders by:

- providing objective and relevant assurance,
- contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.
- Integrating Audit, Risk Management and Counter Fraud knowledge and experience in our work.

Senior Management has found our engagement, support as a "trusted advisor" effective and constructive in these significantly changing times.

Our work has identified specific added value benefits in key areas and in mitigating key risks.

## Annual Follow Up Activity

As part of adding value, we undertake a follow up review to provide updated assurance to Officers and Members. This follow up activity is an opportunity to facilitate, review and expedite progress for individual audits, to inform Management of the current position and to integrate the outcomes into the organisation's strategic management arrangements.

We carried out one Limited Assurance review noted from 2023/24 on Building Control, this still remains at Limited Assurance. For those audits where Limited Assurance has been provided in the table on page 4, we will be undertaking follow up work in 2025-26 to confirm that these have been addressed.

## Audit Performance

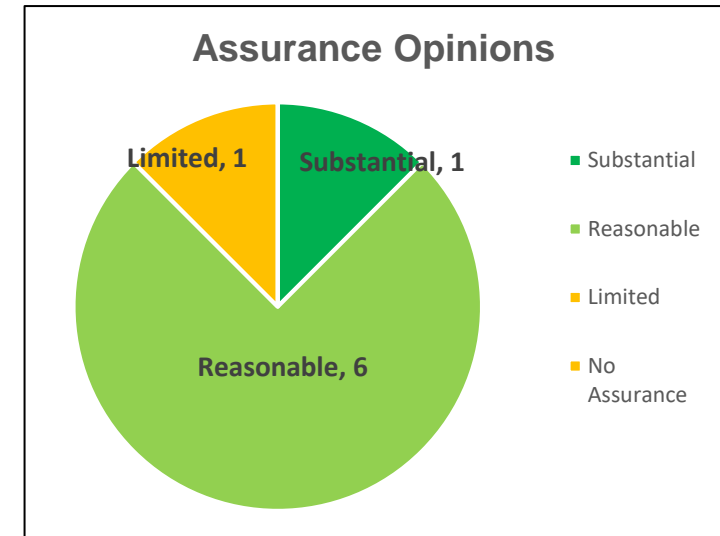
As at 17<sup>th</sup> November 2025 we have issued 8 reports. In addition, we have 5 pieces of work at Fieldwork stage and 1 at draft report (see High Level Summary on page 5 for further details).

There has been a growing trend in the sector towards more flexible audit plans to enable internal audit to be more responsive to changing risks, in turn maximising resource focus to clients' needs as and when needed – Agile Auditing. The audit plan will be reviewed during the year to ensure it remains responsive to changing risks.

The chart to the right shows the breakdown of Substantial, Reasonable, Limited and No Assurance opinions provided to date this financial year (as reflected in the table on page 4), as well as any non-opinion-based work.

This report provides a summary of some of the key issues reported that are being addressed by management and we are pleased that management are appropriately addressing these issues.

It should also be noted that some audits required a richer mix of staff resource due to the complexity / sensitivity of the area under review.



## Irregularities Prevention and Detection

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. The Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice [Code of practice on managing the risk of fraud and corruption | CIPFA](#) states that "Leaders of public sector organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management". Assessments state that there is an epidemic of fraud cases. Fraud now accounts for over 40% of all crimes; it is anticipated that this will further increase in the coming years ([see Fraud and the Justice System](#)).

The Government responded with formation of the Public Sector Fraud Authority. It is important that councils have effective measures to reduce the risk and impact of fraud. Management can refer any suspected issues to the DAP Counter Fraud Team or Internal Audit.

The Cabinet Office now run the national data matching exercise (National Fraud Initiative – NFI) every two years and the latest exercise is ongoing during 2025. Further detail will be provided as appropriate on any investigation or irregularity work that DAP undertakes, however no such work is in progress at this time.

The Home Office have now produced the guidance on the new Criminal Offence of [Failure to Prevent Fraud](#). It is important that councils have effective measures to reduce the risk and impact of fraud.

## Appendix 1 – Summary of audit reports and findings for 2025/26 (Completed since our last report in September 2025)

Legal, HR & Governance	
Risk Area / Audit Entity	Audit Report
	Residual Risk / Audit Comment
<b>Corporate Information Management - Information Assets ,Data Protection, FOI</b>  Reasonable Assurance  Status: <b>FINAL</b>	<p>A Reasonable Assurance opinion has been provided on MDDC’s operational Freedom of Information (FOI) processes. We identified that the Council has established adequate controls for the processing of FOI requests. Key processes are generally well managed and compliant with statutory requirements, there are opportunities to strengthen consistency, oversight, and potential robustness in specific areas.</p> <p>Testing identified:</p> <ul style="list-style-type: none"> <li>• There is a detailed FOI policy to govern the end-to-end FOI process,</li> <li>• There is an FOI log is maintained, supporting visibility and accountability across the Information Management team,</li> <li>• The Council demonstrates a high level of compliance with the statutory 20-working day response deadline. Between the period of 01 April 2025 till 30 September 2025, 478 FOI requests were received, with 98% responded to within the statutory deadline,</li> <li>• Key Performance Indicators (KPIs) on the FOI process, including timeliness and completeness of the response (i.e., responded to in full), are regularly reported to Leadership and relevant Committee.</li> </ul> <p>Areas for consideration:</p> <ul style="list-style-type: none"> <li>• limited documented evidence was available to support FOI response review (e.g., quality assurance) and exemption approval,</li> <li>• Training pathways for staff involved in FOI handling are not formally defined. This includes the Information Management team and operational staff who contribute to FOI responses,</li> <li>• The FOI Internal Review process may be perceived as lacking independence,</li> <li>• Minor data inaccuracies were identified in the FOI log (5 entries out of 478), which may impact reporting accuracy.</li> </ul> <p>The Council has implemented a generally sound framework for managing FOI requests, with evidence of timely responses and appropriate governance. However, enhancements in documentation practices, staff training, and data accuracy would support greater consistency and resilience. Addressing these areas will help ensure continued compliance with the Freedom of Information Act 2000 (FOIA) and alignment with best practice as outlined by the Information Commissioner’s Office (ICO).</p>



ICT, Communication, Customer Engagement	
Risk Area / Audit Entity	Audit Report
	Residual Risk / Audit Comment
<b>Patch Management</b>  Limited Assurance  Status: <b>FINAL</b>	See Part 2.

## Confidentiality under the National Protective Marking Scheme

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the organisation, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies. This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

### Marketing

Official

### Definitions

The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.

Official: Sensitive

A limited subset of OFFICIAL information could have more damaging consequences if it were lost, stolen or published in the media. This subset of information should still be managed within the 'OFFICIAL' classification tier but may attract additional measures to reinforce the 'need to know'. In such cases where there is a clear and justifiable requirement to reinforce the 'need to know', assets should be conspicuously marked: 'OFFICIAL-SENSITIVE'. All documents marked OFFICIAL: SENSITIVE must be handled appropriately and with extra care, to ensure the information is not accessed by unauthorised people.

## Definitions of Audit Assurance Opinion Levels

## Definition of Observation Priority

Assurance	Definition		
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important observations made to improve internal control arrangements and manage identified risks.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Low	Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Opportunity	An observation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These observations do not feed into the assurance control environment.

## Appendix 2 - Professional Standards and Customer Service

### Conformance with Public Sector Internal Audit Standards (GIAS)

**GIAS Conformance** - Devon Assurance Partnership conforms to the requirements of the GIAS for its internal audit activity for the period related to this report and assurance opinion. The purpose, authority and responsibility of the Internal Audit activity is defined in our Internal Audit Charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our Internal Audit Charter was approved by senior management and the Audit Committee in 2024. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

**Quality Assessment** - the Head of Devon Assurance Partnership maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement are supported by a development programme.

**External Assessment** - The GIAS states that a quality assurance and improvement programme must be developed; the programme should be informed by both internal and external assessments.

An external assessment must be conducted at least once every five years by a suitably qualified, independent assessor. For DAP this was last conducted at the end of 2024 by an ex-assistant Director of SWAP, a public sector limited company providing internal audit services.

The assessment result was that *“Based on the work carried out, it is our overall opinion that DAP **generally conforms**\* with the Standards and the Code of Ethics”*. The report noted that *“As a result of our work, a small number of areas where partial conformance was identified. These were minor observations, none of which were significant enough to affect the overall opinion”*. DAP is actively addressing these improvement areas.

\* **Generally Conforms** – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

**Improvement Programme** – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated, and a status report reported to the DAP Management Board.

The new **Global Internal Audit Standards (GIAS)** take effect for the UK public Sector as of 1<sup>st</sup> April 2025. There are three key aspects:

- [The GIAS](#);
- [The CIPFA Code on the Governance of Internal Audit](#); and
- [The CIPFA Application Note for the GIAS in the Public Sector](#).

These documents combine to set out the framework for Internal Audit that must be followed as per Section 5 of the Accounts and Audit Regulations 2015. During 2025/26 we are undertaking a GAP Analysis of existing processes in relation to the above for each DAP Partner. The outcomes will result in action plans that will be worked through with the Partners to ensure compliance, this is likely to require actions from both DAP and Partners to ensure compliance with the revised governance arrangements and other applicable activities. Further information will be provided in due course. To date, we have undertaken a review of the Council’s conformance against Domain III - Governing the Internal Audit Function, against the Global IIA Standards. In addition, we have met with Officers from Democratic Services to give an update on changes that will be required to conform to the new standards.

### Customer Service Excellence

DAP was successful in re-accreditation by G4S Assessment Services of the CSE standard during our last review. This accreditation is a UK-wide quality mark which recognises organisations the prioritise customer service and are committed to continuous improvement.

## Appendix 3 – Audit Authority



## Appendix 4 - Annual Governance Framework Assurance

***The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.***

The Annual Governance Statement (AGS) provides assurance that

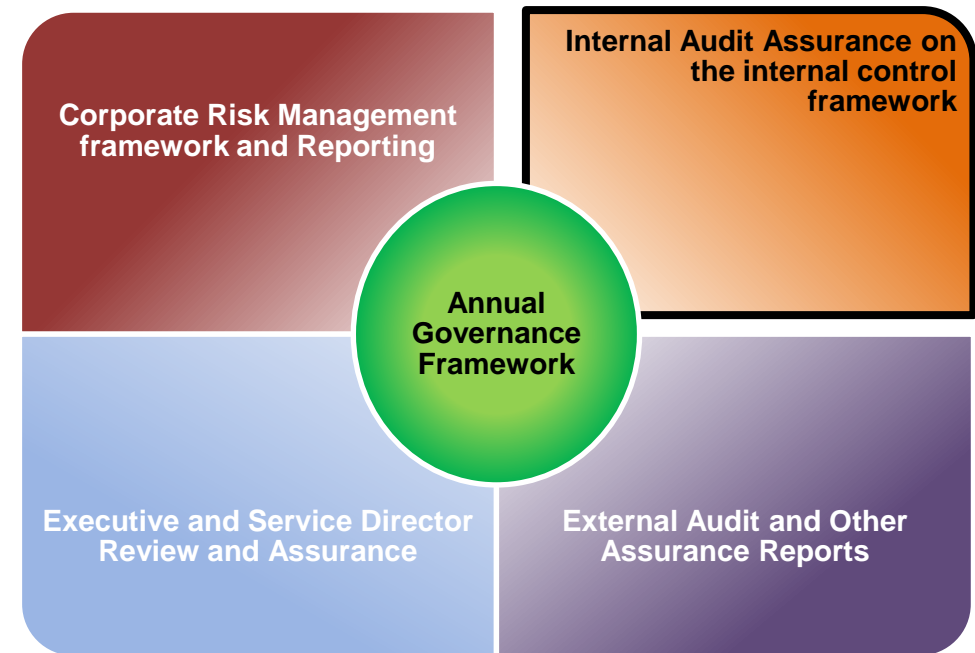
- the Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:-

- be prepared by senior management and signed by the Chief Executive and Chair of the Audit (Governance) Committee;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This will include comment upon;
  - The Authority;
  - Audit Committee;
  - Risk Management;
  - Internal Audit;
  - Other reviews / assurance.

Provide confirmation that the Authority complies with CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. If not, a statement is required stating how other arrangements provide the same level of assurance.

The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Framework, Executive and Internal Audit that the statement meets statutory requirements, and that the management team endorse the content.



The LGA has introduced an improvement and assurance framework, accompanied by [a self-assessment](#) tool. This framework is intended to assist local authorities in evaluating the adequacy of their measures to ensure both service performance and corporate governance.

It is specifically designed for use by corporate statutory officers, in collaboration with members and other key officers. The tool should be utilised to inform the council's annual review of the effectiveness of its internal control system, aid in preparation for external evaluations such as Corporate Peer Challenges or inspections and support corporate statutory officers in their roles to promote good governance within the authority. The [framework](#) and a dedicated guide for [Councillors](#) are available on the LGA's website.

## Appendix 5 - Basis for Opinion

The Chief Internal Auditor is required to provide the organisation with an opinion on the adequacy and effectiveness of its accounting records and its system of internal control in the Council.

In giving our opinion, it should be noted that this assurance can never be absolute. The most that the Internal Audit service can do is to provide assurance, formed from risk-based reviews and sample testing, of the framework of governance, risk management and control.

This report compares the work carried out with the work that was planned through risk assessment; presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit function against its performance measures and other criteria.

The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- a statement on the effectiveness of the system of internal control in meeting the Council's objectives;
- a comparison of Internal Audit activity during the year with that planned;
- a summary of the results of audit activity and;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements.

The extent to which our work has been affected by changes to the audit plan are shown in this document.

The overall audit assurance will have to be considered in light of this position.

In assessing the level of assurance to be given the following have been taken into account:

all audits completed during 2024-25, including those audits carried forward from 2023-24;

any follow up action taken in respect of audits from previous periods;

any significant recommendations not accepted by management and the consequent risks;

the quality of internal audit's performance;

the proportion of the organisations audit need that has been covered to date;

the extent to which resource constraints may limit this ability to meet the full audit needs of the Authority;

any limitations that may have been placed on the scope of internal audit.

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## Devon Assurance Partnership

The Devon Assurance Partnership has been formed under a joint committee arrangement. We aim to be recognised as a high-quality assurance service provider. We work with our partners by providing a professional assurance services that will assist them in meeting their challenges, managing their risks, and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards (for 2024/25) along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at [tony.d.rose@devon.gov.uk](mailto:tony.d.rose@devon.gov.uk)

## Confidentiality and Disclosure Clause

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