

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS</b> All
<b>REPORT TITLE</b> Internal Audit Interim Report 2025-26	
<b>REPORT OF</b> Director of Finance	
<b>FOR SUBMISSION TO</b> Audit and Corporate Governance Committee	<b>DATE</b> 27 <sup>th</sup> November 2025
<p><b>Summary of Report</b></p> <p>This report provides the Committee with an update regarding the work undertaken by Internal Audit, in respect of delivery of the 2025-26 Internal Audit Plan from 1<sup>st</sup> April to 31<sup>st</sup> October 2025.</p> <p><b>Local Government Act 1972 – Access to Information</b></p> <p>No documents that require listing were used in the production of this report.</p> <p><b>Contact Officer</b></p> <p>Nasreen Khan Head of Internal Audit, Investigations and Risk Management 5 Pancras Square London N1C 4AG Telephone: 020 7974 2211 Email: <a href="mailto:nasreen.khan@camden.gov.uk">nasreen.khan@camden.gov.uk</a></p>	
<p><b>RECOMMENDATIONS</b></p> <p>The Committee is asked to note the report.</p>	

Signed: As agreed by the Director of Finance

Date: 14<sup>th</sup> November 2025

## **1. Purpose of report**

- 1.1. This report outlines the work undertaken by Internal Audit, in respect of delivery of the 2025-26 Internal Audit Plan for the period 1<sup>st</sup> April to 31<sup>st</sup> October 2025.
- 1.2. This report is intended to support the Audit and Corporate Governance Committee (ACGC) in obtaining assurance that the Council has a sound framework of governance, risk management and internal control. It does this by demonstrating that the Internal Audit plan is being delivered, updating on the performance of the audit function, highlighting service areas where high priority recommendations have been made and commenting on the level of implementation of audit recommendations by management.
- 1.3. This report fulfils responsibilities under the ACGC's Terms of Reference, i.e.
  - To consider reports from the Head of Internal Audit (HIA) on Internal Audit's performance during the year, including the performance of external providers of Internal Audit services. These will include:
    - updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of internal audit work;
  - To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 1.4. This report details the outcomes of delivery of the 2025-26 audit plan in Appendix 1 and outcomes of follow up reviews in Appendix 3. The report also provides detail on those areas where the overall assurance opinion was less than 'moderate'. Therefore summary details of high priority recommendations not previously reported to the Committee have been included in Appendix 2.

## **2. Role of Internal Audit**

- 2.1. The Council's Internal Audit function is delivered in accordance with the Global Internal Audit Standards (GIAS). A professional, independent and objective internal audit function is a key element of good governance.
- 2.2. The GIAS defines internal auditing as an independent, objective assurance and advisory activity that uses a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. It is performed with integrity, competence, and due professional care, and is aligned with the organisation's strategies, objectives, and risks. The Internal Audit service is delivered pursuant to its Charter, which embodies the principles of the GIAS.
- 2.3. The primary objective of the service is to provide the Council (via the ACGC) with an independent and objective appraisal on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control that supports and underpins the delivery of strategic objectives. This is achieved through the delivery of a planned programme of

work (the Annual Internal Audit Plan) based on an annual assessment of the major risks facing the Council. In addition, the service also provides consultancy and advice to management on risk and controls on an ad-hoc and proactive basis. A concerted effort is made for Internal Audit to operate independently and free from influence, and this is the case in the 2025-26 year to date.

- 2.4. The service operates a co-sourced service delivery model, meaning that Internal Audit services are provided by in-house staff, with a small portion of work delivered by a professional services firm, currently PwC. The service also works closely and in alignment with the Risk Management and Anti-Fraud and Investigation functions, which provides a number of benefits, including increased joint-working, collaboration, and the sharing of information and intelligence.

### **3. Design and delivery of the 2025-26 Internal Audit Plan**

- 3.1. The service prepares and delivers an annual risk-based audit plan. The Council's robust risk management processes (and action taken to identify and articulate principal risks) ensures that a solid foundation, on which to base the Annual Internal Audit Plan, exists. The risk-based plan is devised by mapping the Council's Principal Risk Report to internal audit activity. This approach ensures that the Annual Audit Plan seeks to provide assurance that actions designed to mitigate key risks that threaten the achievement of We Make Camden objectives, are being implemented effectively. In addition to devising an annual risk-based audit plan, a rolling three-year cycle of key financial system reviews is produced. This approach ensures that there is continued assurance on the Council's key financial systems. Additionally, the audit plan seeks to include areas in which senior management have asked for independent assurance.
- 3.2. The 2025-26 Internal Audit Plan was approved by the ACGC in April 2025. In drafting the 2025-26 Internal Audit Plan, the Autumn 2024 iteration of the Principal Risk Report was used. This ensured that key risks were incorporated into the plan.
- 3.3. In addition to the Principal Risk Report, a number of other sources of information were utilised in drafting the 2025-26 plan, including the Chartered Institute of Public Finance and Accountancy (CIPFA) good governance guidelines, an internal risk assessment, audit plans of other local authorities, and intelligence from previous internal audit and anti-fraud activity.
- 3.4. A concerted effort is made to ensure that the plan is resident focussed. Where audit reviews are undertaken in areas that do not directly impact residents, these reviews are undertaken to provide assurance on the Council's overall governance arrangements. This in-turn will ensure that Camden is in a better position to deliver its desired outcomes for residents.

### **4. Internal Audit assurance opinions**

- 4.1. On completion of internal audit reviews, and where appropriate to do so, a statement of assurance is provided. These statements are detailed, where relevant, within Appendix 1 of this report.
- 4.2. There are four possible assurance opinions that can be provided:

<b>No Assurance</b>	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.
<b>Limited Assurance</b>	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.
<b>Moderate Assurance</b>	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.
<b>Substantial Assurance</b>	There is a sound control environment with risks to key service objectives being satisfactorily managed. Recommendations will normally only be Advice and Best Practice.

- 4.3. These conclusions are based on the number of critical and high priority risks identified in the report. The Committee ordinarily receives details of high priority recommendations raised in audit reviews which result in 'limited' or 'no' assurance opinions as outlined in Appendix 2.

## 5. Follow-up activity

- 5.1. Internal Audit recommendations raised following planned audit work are subject to follow-up to ensure that audit recommendations have been implemented. The level of implementation is reported to Committee bi-annually, with follow-up activity undertaken in 2025-26 summarised in Appendix 3 of this report. In addition to preparing follow up memoranda to present the outcome of each follow up review, the remaining partially implemented recommendations are also reported to the relevant management team.

## 6. Comments of the Director of Finance

- 6.1. The Director of Finance has been consulted, and comments are incorporated within the body of the report.

## 7. Legal comments of the Borough Solicitor

- 8.1. The Local Audit and Accountability Act 2014 sets out the regulatory framework for the audit of local authorities. The Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Accounts and Audit Regulations 2015 (SI 2015/234), regulation 5). The Public Sector Internal Audit Standards which provide a set of public sector internal audit standards were replaced by the Global Internal Audit Standards in the UK Public Sector from 1 April 2025.

## **8. Environmental Implications**

- 9.1. There are no known environmental implications arising from this report.

## **9. Appendices**

**Appendix 1** Internal Audit Update

**Appendix 2** High priority recommendations

**Appendix 3** Follow Up Update

**End**