ANNUAL REPORT OF INTERNAL AUDIT

2025/26

Date: July 2026

1. BACKGROUND

1.1 The Internal Audit Standards (the Standards) require the Head of Internal Audit to provide an annual Internal Audit Opinion and report that can be used by the organisation to inform its Annual Governance Statement.

1.2 The Standards specify that the annual report must contain:

- An Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk management and control framework;
- A summary of the audit work (including organisational knowledge) from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
- A statement of the extent of conformance with the Standards including progress against the improvement plan arising from external assessments.

2. INTERNAL AUDIT OPINION 2025/26

The overall level of assurance for 2025/26 is based upon the judgement of the Head of Internal Audit taking into account the results of internal audit work carried out during the year alongside cumulative organisational knowledge which is acquired through other meetings and forums such as the Senior Leadership Team, knowledge acquired from previous audit work, and advisory and consultancy work. Five of the ten graded assignments (50%) completed in 2025/26 resulted in an opinion of Limited assurance, whilst a further five (50%) were assessed as providing Reasonable or Substantial assurance. The graded audits where only Limited Assurance was provided included some significant areas such as the General Ledger, Procurement, Health & Safety, and Data Protection. Advisory reviews on Anti-Fraud, Bribery & Corruption, and Contract Management, also highlighted some significant gaps in control.

The organisation has been in flux with several changes at the s151 officer level and a recently appointed new Chief Executive. There are some very positive signs that provide optimism that the levels of assurance provided by Internal Audit can improve next year. The new Chief Executive and Senior Leadership Team have implemented, and are embedding, good mechanisms which should ensure a higher level of assurance going forward. The following governance enhancements have been implemented during the year:

- Senior management proactively identified areas of concern, which led to targeted audits resulting in Limited assurance ratings. Examples of this included Health & Safety and Data Protection. This demonstrates the development of a positive organisational culture focused on strengthening the internal control environment by transparently surfacing challenging issues. This enables risks to be more effectively assessed and managed. It

is recognised that this approach can initially result in a decline in assurance levels. Ultimately, however, this is a positive approach that establishes a stronger foundation for sustained improvement and a return to higher levels of assurance over time.

- The new Chief Executive established a new dedicated Governance Senior Leadership Team (SLT) and invited the Head of Internal Audit to the meetings. This is leading to improved governance and oversight. The Head of Internal Audit reports monthly to these meetings, there is good engagement, the results of internal audit work are taken seriously with responsible officers in attendance, and implementation of recommendations is being monitored. These steps are to be welcomed.
- A new quarterly control, risk management and governance compliance report has been introduced by the SLT with the first returns collated and reviewed. Internal Audit plans to review these returns and align them with the knowledge gained from audit work and, in addition, any areas of concern can be picked up through changes to the audit plan. Over time these arrangements are expected to improve the overall framework of accountability, governance, risk management and control.
- The organisation has recently reinstated its Strategic Risk Management Group, which is chaired by the new permanent Director of Finance and s151 Officer. A routine has been established of reviewing and updating all corporate risks with the responsible risk owners on a quarterly basis. Furthermore, Internal Audit has been commissioned to undertake a review of all Service Risk Registers and initial feedback shows management are determined to improve training, knowledge and consistency in this area. Improved arrangements for providing assurances around risk management to members are also being actively explored. These developments will only strengthen the organisation's framework of risk management going forwards.
- Management has committed to action plans to address the control weaknesses identified through the internal audit reviews carried out this year which, if implemented, will increase the level of assurance in those areas in 2026/27. Internal Audit will revisit all areas graded at Limited Assurance in 2026/27 and provide a new report and assurance grade based upon the progress made by management.

The Head of Internal Audit's overall opinion on the Council's system of internal control is that:

Reasonable assurance can be given that there is an adequate and effective governance framework in place, designed to meet the organisation's objectives. Audit reviews completed in 2025/26, however, demonstrate that the expected improvements in results will take time to feed through and as such, the level of assurance for control and risk management for 2025/26 is assessed as Limited.

2.1 A summary of Internal Audit assurance opinions issued in 2025/26 is shown in Table 1 below:

Table 1 – Summary of Internal Audit Opinions in 2025/26

Assurance Area	Substantial	Reasonable	Limited	No	Advisory
Financial	1	0	2	0	1
Governance & Ethics	0	3	0	0	1
Strategic & Operational Risks	1	0	3	0	2
Totals	**2**	**3**	**5**	**0**	**4**

2.2 The previous two years' comparative summaries of Internal Audit assurance opinions are as follows:

Summary of Internal Audit Opinions in 2024/25

Assurance Area	Substantial	Reasonable	Limited	No
Financial	1	2	1	0
Governance & Ethics	0	1	1	0
Strategic & Operational Risks	1	3	1	0
Totals	**2**	**6**	**3**	**0**

Summary of Internal Audit Opinions in 2023/24

Assurance Area	Substantial	Reasonable	Limited	No
Financial	2	3	0	0
Governance & Ethics	0	2	0	0
Strategic & Operational Risks	0	3	0	0
Totals	**2**	**8**	**0**	**0**

3. REVIEW OF AUDIT COVERAGE

3.1 The Auditor's Opinion for each assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management rely and to establish the extent to which controls are being complied with. The table below explains what the opinions mean:

Table 2 – Assurance Categories

Opinion	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
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

The prioritisation of recommendations made by Internal Audit is based upon an assessment of the level of risk exposure. The Auditor's Opinion considers the likelihood of corporate/ service objectives not being achieved, and the impact of any failure to achieve objectives. In order that recommendations can be prioritised according to the potential severity of the risk, a traffic light system is used as follows:

Table 3 - Definition of Priority of Recommendations

5. Major	5 Medium	10 Medium	15 Medium	20 High	25 High
4. Serious	4 Low	8 Medium	12 Medium	16 High	20 High
3. Significant	3 Low	6 Low	9 Medium	12 Medium	15 Medium
2. Minor	2 Low	4 Low	6 Low	8 Medium	10 Medium
1. Insignificant	1 Low	2 Low	3 Low	4 Low	5 Medium
Impact / Likelihood	**1. Very Likely**	**2. Unlikely**	**3. Likely**	**4. Very Likely**	**5. Almost Certain**

Table 4 – Risk Likelihood Definitions

Rating	Occurrence:	Probability:
Very Unlikely	0% - 5%	Very low / never happened before
Unlikely	5% -10%	Has happened rarely / every 10 years
Likely	10% – 40%	Only likely to happen in 3 or more years
Very Likely	40% – 75%	Likely to happen at some point within the next 1-2 years. Circumstances occasionally encountered (few times a year)

Table 5 – Risk Impact Definitions

	Service Disruption	Reputation	H&S Injury	Environmental and Social Impact	Cost
Insignificant	Brief disruption of an important service area	No interest to local media. Insignificant.	No injury	Localised environmental or social impact	Costing less than £1000; 0-1 % of budget
Minor	Significant effect to non-crucial service area; 1-2 days	Minor adverse publicity in the local media, no damage to reputation	Minor injury of discomfort to individual(s).	Short term effect on the environment, i.e. fumes, noise etc. No lasting detrimental impact	Costing less than £5,000; up to 10% of budget
Significant	Major effect to an important service area for a short period; 2-3 days disruption	Some adverse publicity, legal implications. Significant	Sever injury to an individual(s); severe injury	Short term environmental and social impact requiring remedial action	Costing between £5,000 and £50,000; up to 25% of budget

Serious	Loss of an important service area for a period up to 5 days	Long term local reputational damage; national adverse publicity	Major injury to an individual(s)	Long term environmental or social impact	Costing between £50,000 and £500,000; up to 50% of budget
Major	Major loss of services; unable to function; service disruption 5+ days	Adverse and persistent national media coverage – sever loss of public confidence.	Fatality(s)	Long term detrimental impact on the environment / community.	Costing over £500,000; up to 75% of budget

3.2 **Summary of Internal Audit Work**

Table 6 details the assurance levels resulting from all audits completed during the year:

Audit Area	Assurance Opinion
Financial	
General Ledger	**Limited**
Payroll	**Substantial**
Contract Management	**N/A - Advisory**
Procurement	**Limited**
Governance & Ethics	
Safeguarding	**Reasonable**
Anti-Fraud, Bribery, & Corruption	**N/A - Advisory**
Local Government Transparency Code	**Reasonable**
Follow Up of Recommendations	**Substantial**
Strategic & Operational Risks	
Corporate Health & Safety	**Limited**
Environmental Impact Assessments	**Limited**
Freedom of Information (FOI)	**N/A - Advisory**
Review of Corporate Risk Register	**N/A - Advisory**
Insurance	**Reasonable**
Data Protection – Retention & Sharing	**Limited**

Outlined at pages 13 to 23 is a short summary of the findings of each of the audits completed. It should be noted that many of these findings have previously been reported as part of the defined cycle of progress update reports provided to the Committee.

3.3 Adding Value

Much internal audit work is carried out "behind the scenes" and is demand led but is not always the subject of a formal report. Examples include:

- Governance e.g. assisting with the Annual Governance Statement, provision of training to officers, review of the Procurement Strategy.
- Risk management, for example internal audit reviewed and provided advice on the content of the Corporate Risk Register during 2025/26.
- Dissemination of information regarding potential fraud cases likely to affect the Council.
- Drawing managers' attention to specific audit or risk issues, for example through attendance at the Senior Leadership Team..
- Internal audit recommendations: follow up review and advice.
- Day to day audit support and advice for example risk implications arising from proposed changes in controls.
- Networking with audit colleagues in other Councils on professional points of practice.

3.4 Service Performance in 2025/26

Description	Narrative	Target	Actual
Delivery	% of audit days delivered by Year End	90%	93% (233 days of planned 250)
Productivity	% of available time spent on productive audit work	85%	87%
Effectiveness	% of agreed recommendations implemented by the agreed date	75%	80%
Customer Satisfaction	% of Post Audit Questionnaires which have rated the service as "Very Good" or "Good"	80%	92% (result of client survey issued June 2025) A further analysis of client feedback will be undertaken in Summer 2026.

4. QUALITY ASSURANCE AND COMPLIANCE WITH PROFESSIONAL STANDARDS

4.1 Quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. All staff work to a given methodology and have access to the internal audit reference material and Charter which are updated regularly to reflect the requirements of the standards and the changing environment that Internal Audit operates in. On-going dialogue is maintained with the s151 officer and the Client Officer Group which governs the shared service. The Client Officer Group for the Internal Audit Shared Service comprises all the partners' s151 Officers all whom actively encourage and support the on-going development of the service.

4.2 A Quality Assurance policy was approved in September 2024. In accordance with the standards, the Head of Internal Audit is required to include a statement on compliance with the policy within this annual report. The Head of Internal Audit can confirm that the service operated in compliance with the policy from the date of its approval to the end of the financial year.

4.3 **Global Internal Audit Standards and 2025/26 Improvement Plan**

The Global Internal Audit Standards apply for the 2025/26 financial year onwards. The Standards cover five key areas (domains):

- The purpose of internal auditing
- Ethics and Professionalism
- Governing the Internal Audit function
- Managing the Internal Audit function
- Performing Internal Audit services

4.4 The Standards require that an independent External Quality Assessment (EQA) of the service be completed every 5 years. An EQA was completed in the 2024/25 financial year, and the results confirmed that the service was operating **in General Conformance to the Standards.** This is the highest of the three available assessment grades. Whilst this EQA was completed under the previous Public Sector Internal Audit Standards, it also considered the requirements of the new Global Standards. The next external assessment of the service is due in 2029/30.

4.5 The Head of Internal Audit has reviewed the new Standards with the team, and the following actions were developed to ensure compliance with the additional requirements:

Improvement Action	Implementation Date/ Comments
Ensure all members of the team are reminded of the requirements of the Code of Ethics. This covers integrity, objectivity, confidentiality, due care, professional conduct, conflicts of interest, use of information, and professional development.	Independent training on integrity and objectivity was delivered to the whole team in November 2025.
Ensure that additional professional development over and above mandatory corporate training is recorded on individual learning plans.	This is being covered off through the annual appraisal and development reviews.
Update the Internal Audit Charter to incorporate a mandate. The mandate will define why internal audit exists within the organisation. It will also specify the authority, role and responsibilities.	Completed. The document is being approved by the Audit, Standards & Governance Committee in July 2026.
Develop a formal Internal Audit Strategy setting out its vision, strategic objectives and supporting initiatives.	Completed. The document is being approved by the Audit, Standards & Governance Committee in July 2026.
As part of audit planning, consider how data analytics and Artificial Intelligence may be used to create more efficient and effective workflows.	In progress. This has been incorporated within the new Internal Audit Strategy. The team will consider how this can be taken forward for 2026/27.
Review communications to ensure the Service adopts the use of conclusions rather than opinions.	Completed.

4.6 With the actions taken and in progress as noted in the table above, the annual self-assessment conclusion of the Head of Internal Audit is that the Internal Audit service is operating in general conformance to the Global Internal Audit Standards.

5. ORGANISATION INDEPENDENCE

If independence or objectivity is impaired in fact or appearance, the Head of Internal Audit is required to disclose this. The Head of Internal Audit can confirm that the Internal Audit service is independent and objective, and this is currently demonstrated in a number of ways:

- The Head of Internal Audit reports directly to the s151 officer at all partner organisations in the Shared Service and the equivalent Audit Committee. He also has direct unfettered access to the Heads of Paid Service, Monitoring Officers and Chairs of the Audit Committees.
- Any attempts to unduly influence the scope of audit reviews or the contents of reports will be reported by the Head of Internal Audit to the Head of Paid Service and the Chair of the Audit Committee.
- All officers responsible for internal audit work are required to complete an annual Declaration of Interests form, which is in turn reviewed by the Head of Internal Audit. In the case of the Head of Internal Audit, the form is reviewed by the Director of Finance & Resources (s151 officer) at Worcester City Council. Auditors are required to report any interests that might compromise the impartiality of their professional judgements – or give rise to a perception that this impartiality has been compromised. Any conflicts of interest are avoided when allocating assignments.
- The Audit and Governance Committee approves any significant consultancy activity included in the Internal Audit Plan.

6. LIMITATIONS INHERENT TO THE WORK OF INTERNAL AUDIT

Internal Audit undertakes a programme of work agreed by the Council's senior managers and approved by the Audit & Governance Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work, were excluded from the scope of individual internal audit assignments or were not brought to the attention of Internal Audit. As a consequence, the Audit & Governance Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

Internal Control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees, management override of controls, and unforeseeable circumstances.

Future Periods

The assessment of each audit area is relevant to the time that the audit was completed. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance, and for the prevention or detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected, additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

7. SUMMARY OF INTERNAL AUDIT FINDINGS

Audit Area	Assurance Rating	Summary of Findings
General Ledger	**Limited**	There were some areas found to be well managed; in particular: • Central procedures are reviewed and updated annually. • Sample testing showed budgets were uploaded correctly to the general ledger. • Sample testing showed closing year end balances were correctly carried forward to the new year. • The Finance and Performance quarterly monitoring circulated to the Audit Committees found the budget analysis to be quite detailed and provided reasons for under/overspends. Significant progress has been made since the last internal audit review. However, at the time of the audit control and suspense account reconciliations had not yet been completed for 2024/25, and completion of bank reconciliations is behind schedule for both authorities. The audit also highlighted for half of the tested journal transactions there was no supporting evidence available. These issues were caused by an understandable focus on bringing the statutory accounts up to date and dealing with legacy issues following implementation of a new finance system. Internal Audit will revisit this area in 2026/27.
Payroll	**Substantial**	The scope covered the following areas: • Policies and procedures. • Employee training related to pay. • Payroll system parameters. • Arrangements to reconcile and review the payroll records and the establishment listing. • Authorisation and processing of starters, leavers and payroll amendments. • Calculation and authorisation of overtime payments. • Payments to third parties. • Payroll run review and approval.

Audit Area	Assurance Rating	Summary of Findings
		The audit found that controls were well designed, and testing confirmed their operation as expected. The only issue identified related to final authorisation of the payroll run, and management agreed to immediately implement a final sign off by the Deputy s151 Officer.
Contract Management - Advisory	**N/A**	The objective of the advisory review was to provide recommendations to strengthen consistency, governance, oversight, performance monitoring, and contract-management capability. This included: • Review of contract management policies and procedures. • Examination of contract management practices across the service areas. • Assessment of roles, responsibilities, governance arrangements and performance monitoring processes. • Training and capability of contract managers. The review identified the following opportunities for improvement: • Inconsistent contract management practice across officers including post award monitoring. • Lack of formal training, induction and guidance for contract managers. • There is no formal contract exit procedure. Whilst CPRs were being updated there is a risk of inconsistent practice, missed obligations and a loss of knowledge. Actions based on recommendations made by Internal Audit have been agreed with management in respect of the above findings.

Audit Area	Assurance Rating	Summary of Findings
Procurement	**Limited**	The objective of this audit was to assess progress made against the 2023/24 audit recommendations and to provide assurance that procurement controls are adequate, effective, and support compliance with relevant policies, regulations, and organisational objectives. The audit covered: • Compliance with relevant legislation, including the Procurement Act 2023 • Tendering, supplier selection, and contract award processes • Segregation of duties and adherence to financial approval thresholds and authorisation limits The audit concluded that there is limited assurance over procurement controls, with significant gaps and inconsistencies requiring improvement. Key findings: • Governance and compliance: Inconsistent use of pre-procurement appraisals and insufficient justification for some direct awards, weakening assurance over value for money and decision-making. • Policies and procedures: Updated Contract Procedure Rules (CPRs) were not yet formally approved at the time of the audit. • Training and oversight: Procurement training is not consistently recorded, and conflict of interest declarations are not routinely documented or monitored. • Control processes: Weaknesses in documenting supplier selection, including use of frameworks and debarment checks. • Ongoing compliance: Some service areas have yet to achieve full compliance with procurement rules, with no firm deadlines for improvement. Overall, while key controls such as spend monitoring and approvals are working effectively, inconsistent practices, documentation gaps, and weak governance arrangements reduce the level of assurance. Internal Audit will reassess this area during 2026/27.

Audit Area	Assurance Rating	Summary of Findings
Insurance	**Reasonable**	The objective of this audit was to provide assurance that the Councils have insurance that delivers value for money & addresses risk. The scope covered: • Progress against the Zurich building assessments. • Insurance Strategy, Risk vs Value & Property Information Management. • Claims Evaluation & Lessons Learnt. The audit concluded reasonable assurance overall, with effective controls in place for property data management and progress against Zurich building assessments, but gaps in wider insurance governance. No assurance could be provided regarding the existence of an insurance strategy or arrangements for claims evaluation and capturing lessons learned, particularly in relation to recurring small vehicle claims. This is due to a lack of evidence to confirm whether such processes are in place or how recurring issues are identified and addressed. Key findings: • Property and risk management: Strong progress has been made in implementing Zurich building assessment actions, with property data held centrally and largely complete. • Ongoing assurance: limited inspection and monitoring regimes increase the risk that previously resolved issues may recur. • Action plan management: Updates to the Zurich action plan do not always clearly document the rationale for decisions, reducing transparency and accountability. Management has agreed an action plan to address the matters raised.
Corporate Health & Safety	**Limited**	The objective of this audit was to assess the effectiveness of the corporate health and safety governance, risk management, and compliance controls, with a particular focus on the areas of highest risk which were identified as the authorities' depot sites. The review focused on statutory obligations under health and safety legislation, internal policy adherence, and operational risk mitigation. The audit was requested by Senior Management. It was expected

Audit Area	Assurance Rating	Summary of Findings
		that some significant issues would be identified, but that development of an action plan would help with addressing the areas of greatest risk. The review found the following areas were working well: • The Senior Health and Safety Advisor is actively contributing towards a positive health and safety culture within both organisations. • Where the organisation faced barriers to providing first aider training, officers demonstrated initiative by securing first aider training provided by Rubicon Leisure. • Based on questionnaire responses, managers generally feel that they understand their responsibilities regarding health and safety and feel safe raising concerns about unsafe behaviour and/ or conditions. • The Joint Health and Safety Committee functions as an appropriate and effective governance control. However, as expected the audit identified a number of significant issues, all of which have been accepted by management with an action plan agreed. • There was no standardised or corporately driven method for monitoring first aider coverage. Some service areas had no means of ensuring first aiders were trained, present, and providing sufficient coverage. • 59% of new starters since September 2023 had not received Health & Safety induction training. Furthermore, there was no standardised means of ensuring role specific health & safety training was provided. • A significant number of service areas did not provide health & safety risk assessments as requested by the auditor. We were therefore unable to provide assurance that the assessments had been completed and were of sufficient quality. • There was no explicit requirement for associated service areas to be notified of incidents which, while not in their area of responsibility, may be relevant to their operations. This reduces the scope to apply lessons learnt and ensure similar incidents don't recur. Internal Audit will reassess this area during 2026/27.

Audit Area	Assurance Rating	Summary of Findings
Anti-Fraud, Bribery & Corruption - Advisory	**N/A**	The review assessed the adequacy and effectiveness of the Council's arrangements for managing fraud, corruption, and bribery risks, focusing on the strength of the overall anti-fraud framework rather than identifying specific fraud cases. The review identified: <u>Policies and guidance</u> Key anti-fraud policies are outdated or missing. Although work to update these was underway, the absence of up-to-date and accessible policies reduces staff awareness and understanding of expectations, reporting routes, and procedures. This weakens the overall control environment and limits the Council's ability to promote a consistent anti-fraud culture. <u>Case recording and monitoring</u> There is no centralised system in place to record, monitor, or review suspected fraud cases. As a result, there is limited oversight of fraud-related activity, and the Council cannot demonstrate that cases are being appropriately tracked, investigated, or learned from. <u>Training and awareness</u> There is no mandatory training for staff on fraud, corruption, or bribery. This limits awareness of fraud risks, reporting responsibilities, and expected behaviours, increasing the likelihood that incidents may go unidentified or unreported. <u>Fraud risk management</u> Fraud risks are not being actively managed. Relevant risks within the 4Risk system have not been recently reviewed or updated, and there is no overarching fraud response plan in place. As a result, fraud risk management activity is not coordinated, prioritised, or clearly aligned to organisational risks. Internal Audit made a series of recommendations to strengthen governance, improve oversight, and support a more proactive and coordinated approach to managing fraud risk.

Audit Area	Assurance Rating	Summary of Findings
Data Protection / GDPR	**Limited**	The audit assessed the design and effectiveness of controls over data retention and sharing. It concluded that there is only limited assurance, as significant weaknesses in governance, risk management, and control arrangements create a material risk of non-compliance with data protection legislation. Management requested this audit be carried out in the expectation that significant issues would be identified. Key findings: • There is no comprehensive information governance framework to clearly define roles, responsibilities, and accountability for data protection. Existing policies are insufficient and not aligned to operational needs, limiting oversight and direction. • Arrangements for monitoring compliance are underdeveloped. There is no dedicated oversight structure, limited management information, and data protection is not formally recognised or managed as a corporate risk. This restricts the Data Protection Officer's ability to fulfil statutory duties. • Training is ineffective, with evidence demonstrating it is being bypassed. • Retention schedules are outdated, incomplete, and not consistently applied. There is insufficient evidence that data is being retained or disposed of in line with legal requirements, creating a risk of non-compliance. • The Information Asset Register is not up to date, and a Record of Processing Activities (ROPA), required under legislation, has not been implemented. This limits the Council's understanding of the data it holds and how it is used. • The breach register is not sufficiently detailed to demonstrate appropriate handling, decision-making, or lessons learned, reducing assurance over incident management. • The organisation relies heavily on manual processes to manage data sharing, with limited automation and incomplete records of sharing agreements, increasing the risk of inappropriate disclosure. An action plan has been developed which will address all the matters raised. Delivery of the action plan will be overseen by the Senior Leadership Team, which has considered the audit report in detail. Internal Audit will reassess this area during 2026/27.

Audit Area	Assurance Rating	Summary of Findings
Local Government Transparency Code	**Reasonable**	The audit found that the Council publishes its governance information in line with most of the obligations under the Transparency Code 2015. Data is published in Excel and PDF formats, with some simplified data also available directly on the website. Transparency information is easy to navigate, being located within the “Freedom of Information” section on the website. This is supported by a clear set of well-structured subpages that are accessible and user-friendly. Whilst most core requirements are met, full compliance with the Transparency Code is not yet fully achieved. The audit highlighted outdated data in relation to Trade Union Facility Time, Land and Property, and Parking. Data had not been published for Procurement Card expenditure and Fraud. Management action is in progress to address the matters raised.
Environmental Impact Assessments	**Limited**	The audit aimed to provide assurance that Environmental Impact Assessments are carried out effectively, are of sufficient quality, and are properly considered in Council decision-making. The scope focused on whether assessments align with the organisation’s Carbon Reduction Strategy, are completed by appropriately skilled officers in a timely manner, clearly inform Councillors, and are subject to ongoing review. The audit concluded limited assurance over the control environment, with significant gaps in governance, consistency, and alignment with the Councils’ environmental objectives. Key findings: • Environmental considerations are included in Committee reports, and the Climate Change Manager provides review and technical support where required. Report authors are generally available to support decision-making at meetings. • There is limited awareness of the Carbon Reduction Strategy and Implementation Plan across Officers, and communication of key information is inconsistent. This reduces effective implementation across services.

Audit Area	Assurance Rating	Summary of Findings
		• Corporate and service-level documents, including risk registers and business plans, are not fully aligned with the Carbon Reduction Strategy, creating a risk of inconsistent decision-making and reduced progress towards climate targets. • Current projections indicate that both Councils are not on track to meet their self-imposed net zero targets within planned timescales, increasing reputational and delivery risks. • There is no consistent, organisation-wide framework for completing Environmental Impact Assessments. This has led to inconsistent approaches, unclear responsibilities, and reliance on a small number of individuals. • Formal training is limited, with many officers relying on self-directed learning. This contributes to inconsistent quality in assessments and weakens assurance over decision-making. Internal Audit will carry out a follow up review in 2026/27.
Freedom of Information – Consultancy	**N/A**	Internal Audit was asked to review the Council's arrangements for handling Freedom of Information (FOI) requests owing to concerns around response times and a backlog of cases. However, at the time of the review significant improvements had already been made, including a redesigned process and the introduction of artificial intelligence to improve efficiency. Given the positive impact of these changes, a full audit review was not considered necessary at this stage. Instead, Internal Audit issued a statement summarising the work completed and will revisit the area in future if the level of risk increases. This approach reflects a flexible, risk-based audit methodology.

Audit Area	Assurance Rating	Summary of Findings
Safeguarding	**Reasonable**	The objective of this audit was to provide assurance that evidence stated in the latest Section 11 self-assessment completed in September 2025 was substantiated, up to date and reliable. The scope covered: • A review of the latest Section 11 assessment and supporting evidence. • Policy and procedures. • The training programme. The review found the following areas of the system were working well: • The Councils have an up-to-date Safeguarding Policy and Procedure document; this has been presented to Safeguarding Champions and is available for officers to view. It details who the Safeguarding Leads are within the Councils along with names and contact details. • There is an experienced Safeguard Lead at Assistant Director level which covers both Redditch Borough Council and Bromsgrove District Council, as well as an additional 2 experienced leads who are trained to assist and provide resilience. • Safeguarding is promoted across the authorities through monthly newsletters and on posters on notice boards, with continuous reminders that Safeguarding is everyone's responsibility. • Knowledge and awareness through the Family-HUB and attendance at multi-agency reviews. • Evidence available to support the Section 11 responses. However, it was noted that 6 of the 21 services listed did not have a nominated Safeguarding Champion at the time of the audit. Management has agreed to review the gaps and recruit to those service areas which don't currently have a Safeguarding Champion. The review also identified mixed take-up of mandatory training and examples of staff bypassing the online training by skipping to the quiz at the end. Management has agreed action to address this including creation of a central Safeguarding training record and increasing the pass mark for the online training quiz.

Audit Area	Assurance Rating	Summary of Findings
Follow-up of Recommendations	**Substantial**	The overall implementation rate for 2025/26 was 80%, which represents good performance. As at 31st March 2026 there were 27 outstanding internal audit recommendations, 1 Medium risk recommendation was overdue as at 31st March 2026. The overdue action relates to periodic entitlement reviews for households in receipt of Council Tax Single Person Discount. The action is on hold pending a review of resources in the team.