



Governance Scrutiny Group

Thursday, 18 June 2026

Internal Audit Annual Report 2025/26

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. The attached report has been prepared by the Council's internal auditors BDO. It summarises the work undertaken during the course of 2025/26 and the management actions arising from the audits. It also provides the annual opinion of the Head of Internal Audit in accordance with Global Internal Audit Standards issued by the Institute of Internal Auditors.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group notes Internal Audit's Annual Report in relation to 2025/26 (Appendix A).

3. Reasons for Recommendation

- 3.1. To conform with best practice and Global Internal Audit Standards issued by the Institute of Internal Auditors; and give assurance to the Governance Scrutiny Group regarding the Council's internal control environment.

4. Supporting Information

- 4.1. The Internal Audit Annual Report for BDO (appendix 1) provides an overall positive opinion ('Good') on Rushcliffe Borough Council's risk management, control and governance arrangements for 2025/26. It should be noted that this is the highest assurance that can be awarded and has been awarded for the fifth consecutive year, which is a significant achievement. The auditors concluded that controls were suitably designed and operating effectively, with no limited assurance opinions issued and the majority of audits rated Substantial or Moderate. There has been strong engagement from management, timely responses to recommendations, and full completion of all prior-year medium recommendations with no high-risk issues outstanding. Despite external risks, particularly uncertainty arising from local government reorganisation, the Council has maintained a stable and effective control environment and continues to perform strongly relative to other Councils.
- 4.2. In 2025/26, BDO undertook nine internal audit reviews. As reported previously in the quarterly progress reports, of the nine audits completed:

- 4 audits achieved Substantial design and Substantial effectiveness: Council Tax and NNDR; Business Continuity and Emergency Planning; Rushcliffe Oaks Crematorium – Operational Management; Asset Management and Investment
- 2 audits had Moderate design but Substantial effectiveness: Streetwise Management; Main Financial Systems
- 1 audit had Substantial design but Moderate effectiveness: Health and Safety
- 1 audit had Moderate design and Moderate effectiveness: Procurement
- 1 review was advisory only (no assurance opinion).

4.3. The total number of findings has increased; however, this is partly attributable to a higher number of assurance audits undertaken in 2025/26 compared to the previous year. There has been an increase in Moderate opinions relating to control design, offset by a reduction in Moderate opinions concerning the effectiveness of controls. No Limited assurance opinions were issued during the year.

4.4. A total of 18 findings were raised, meaning the number of findings per review remains stable. BDO has confirmed that this level is lower than that observed across many other authorities it audits. In its assessment of the Council's compliance with core processes and procedures, BDO has recognised the continued commitment to maintaining high performance as a local authority.

4.5. Management actions have been agreed in all instances, with recommendations implemented in a timely manner throughout 2025/26. Improvements have also been made to the follow-up process.

5. Risks and Uncertainties

If recommendations are not acted upon there is a risk internal controls are weakened and the risk materialises.

6. Implications

6.1. Financial Implications

There are no direct financial implications to the report. Indirectly, a better internal control environment suggests risk has reduced and can result in a reduced audit workload and therefore cost.

6.2. Legal Implications

There are no legal implications arising from this report.

6.3. Equalities Implications

There are no equalities implications arising from this report.

6.4. **Section 17 of the Crime and Disorder Act 1998 Implications**

There are no Section 17 implications arising from this report.

6.5. **Biodiversity Net Gain**

There are no Biodiversity Net Gain implications arising from this report.

6.6. **Local Government Reorganisation**

There are no Local Government Reorganisation implications associated with this report.

7. **Link to Corporate Priorities**

The Environment	There is no link to this corporate priority within this report.
Quality of Life	There are no links to the Council's Quality of Life priority
Efficient Services	Undertaking a programme of internal audit ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	There are no links to the Council's Sustainable Development priority

8. **Recommendations**

It is RECOMMENDED that the Governance Scrutiny Group notes Internal Audit's Annual Report in relation to 2025/26 (Appendix A).

For more information contact:	Peter Linfield Director of Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	None.
List of appendices:	Appendix A – Internal Audit Annual Report 2025/26