

AGENDA

AUDIT AND RISK MANAGEMENT COMMITTEE

MONDAY, 11 MAY 2026

4.00 PM

**COUNCIL CHAMBER, FENLAND HALL,
COUNTY ROAD, MARCH**

Committee Officer: Jo Goodrum
Tel: 01354 622424
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- 1 To receive apologies for absence.
- 2 Previous Minutes. (Pages 3 - 14)

To confirm the minutes of 17 February 2026.
- 3 To report additional items for consideration which the Chairman deems urgent by virtue of special circumstances to be now specified.
- 4 Members to declare any interests under the Local Code of Conduct in respect of any item to be discussed at the meeting.
- 5 Fraud Information Update

A verbal presentation to inform of the work and outcomes of the Fraud Service at ARP.
- 6 External Audit Plan 2025/26 (Pages 15 - 66)

To discuss the External Audit Plan for 2025/26.
- 7 Draft Annual Governance Statement (Pages 67 - 82)

To review and approve the draft Annual Governance Statement for publication. Regulation 6(1) of the Accounts and Audit Regulations 2015 requires the Council to conduct an annual review of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS). The CIPFA Finance Advisory

Network provides practical guidance for meeting these requirements.
Draft AGS is due for publication with the Statement of Accounts by 30th June 2026.

8 Internal Audit Progress Report (Pages 83 - 100)

To consider and note the activity and performance of the Internal Audit function, and the implementation of Audit actions.

9 Internal Audit Charter and Risk-Based Internal Audit Plan 2026/27 (Pages 101 - 128)

To approve the internal audit plan and resources for the forthcoming year.

10 Risk Register - Quarter update (Pages 129 - 156)

To review and approve the quarterly risk register.

11 Audit and Risk Management Committee Work Programme. (Pages 157 - 166)

For information.

12 Items of Topical Interest.

13 Items which the Chairman has under item 3 deemed urgent.

Thursday, 30 April 2026

Members: Councillor K French (Chairman), Councillor I Benney (Vice-Chairman), Councillor G Booth, Councillor G Christy, Councillor Mrs J French, Councillor S Harris and Councillor J Mockett

AUDIT AND RISK MANAGEMENT COMMITTEE

TUESDAY, 17 FEBRUARY 2026 - 4.00 PM



PRESENT: Councillor I Benney (Vice-Chairman), Councillor Mrs J French, Councillor J Clark (*substitute*) and Councillor Dr H Nawaz (*substitute*)

APOLOGIES: Councillor K French (Chairman), Councillor G Booth and Councillor G Christy

Officers in attendance: Stephen Beacher (Head of ICT Digital & Resilience), Peter Catchpole (Corporate Director and Chief Finance Officer), Deborah Moss (Head of Internal Audit) and Sian Warren (Chief Accountant)

ARMC19/25 PREVIOUS MINUTES

The minutes of the meeting held on 24 November 2025 were approved and signed.

Councillor Mrs French referred to the previous discussions concerning the introduction of an Independent Person to the committee and she asked when that matter will come before the committee. Peter Catchpole stated that the report has been produced but will form part of the agenda at a future meeting. Councillor Mrs French questioned that, with the proposed Local Government Reorganisation coming forward in April 2028, whether it would no longer be a worthwhile exercise to implement such a position on the committee.

ARMC20/25 AUDIT RESULTS REPORT YEAR ENDED 31 MARCH 2025 - STATEMENT OF ACCOUNTS 2024/25

Members received a presentation from Debbie Hanson and Jake Day of Ernst & Young (EY), the Council's external auditors.

Members asked the following questions.

- Councillor Mrs French stated that she does have concerns with regards to the property and the equipment point that was raised and, in her opinion, due to Local Government Reorganisation (LGR), it is essential that records are brought up to date as soon as possible in order that records are accurate and quantify what the Council owns. Debbie Hanson explained that with regards to PPE they have not identified any issues in terms of concerns about the completeness or accuracy of the Council's records with regards to fixed assets in relation to those which are valued on an annual basis. She added that the Council does hold some categories of assets at historic cost which is in line with the CIPFA code and the only reason why there is no assurance for those is because there has been no testing of additions and disposals of those assets in the two years where disclaimed opinions were issued. Debbie Hanson explained that the asset under construction is quite a specific point and in general there were no issues identified with either the valuation, the existence or the rights and obligations and ownership of the assets.
- Councillor John Clark stated that there appears to be several areas of concern contained within the report and he asked for an indication as to where the Council would sit if a benchmarking exercise was undertaken with the other authorities that EY engage with. He questioned whether, in their opinion, they would place the Council on a good, intermediate or needs improvement position in order to give him some reassurance in terms of where EY

see the Council positioned and where they are likely to find themselves moving forward. Debbie Hanson explained that the areas of main concern which have been highlighted are contained within the table that she referred to which dictate the assessment of the procedures to support the audit. She added that it has been noted that capacity is the key issue and the colour coding in the executive summary on Page 11 demonstrates that there are a number of red and amber areas. Debbie Hanson made the point that the Council should be looking towards achieving a status where the whole of the table is coloured green. She added that when comparing the Council to other authorities that she works with there are some where the table is all green and she made the point that there are a few issues to be addressed which, in her opinion, is always difficult for relatively small councils due to the fact that the Council has lots of other priorities such as budget setting and LGR is going to increase the workload of the Council significantly. Debbie Hanson expressed the opinion that many small councils do need to look at the capacity of the Finance Team and the support that they receive from other areas of the Council because it is that team who pull together the accounts, but that information is required from many other areas and departments of the Council. She expressed the view that it is very important that members consider whether the Finance Team has the support that they need in order to prepare the accounts as well as undertaking all of the other tasks that they need to do which will include LGR. Debbie Hanson made the point that she has worked very hard with the Finance Team and believes that they have a very constructive relationship, but she does believe that there have been challenges in terms of the capacity and the volume of information that is required in order to complete an audit and the time that it takes to pull all of that information together.

- Councillor Clark asked Peter Catchpole to explain what steps are being taken to address the concerns raised by EY in order that the Council can find itself in a better position in twelve months' time? Peter Catchpole explained that he has had a couple of conversations with the Auditors and, in his opinion, the onus is not all on the Council and it is about collaborative working. He added that ever since the Covid pandemic, with Auditors not coming on site, in his opinion, there are many different ways in which there could be improvements made going forward. Peter Catchpole expressed the view that he is content with the position of the Council at the current time particularly when considering the build back and the fact that there have not been full audits undertaken for a while. He added that the Chief Accountant also retired and he was in post for over 40 years and, therefore, different aspects of the finance operation are evolving and being undertaken in a very different way with different aspects of the tasks in finance being shared out amongst the team. Peter Catchpole expressed the view that he believes several of the points are to do with external providers in terms of valuers and pension information which is not down to the Council. He added that where the Council did not publish draft accounts on time was due to a deliberate decision taken by him due to the fact that there were not going to be audits undertaken historically because of the issues. Peter Catchpole expressed the opinion that he believes that the Council finds itself in a particularly good position and he is not overly concerned but added that there is room for improvement. He added that 24/25 has been much better and he stated that the lack of internal audit resources to hit deadlines is an issue but is unlikely to be so going forward. Peter Catchpole explained that the Council failed to publish the draft accounts on time and when they were published for the financial year 24/25 there were some errors but that was not unexpected. He added that he does not believe that there needs to be any added resource within the team as the workload is being spread amongst the existing team and Sian Warren, the new Chief Accountant, has managed that very well. Peter Catchpole stated that the Council now finds itself in a position where there are disclaimed opinions and he advised members of the committee that he is not unduly worried about the current status and added that work undertaken in 25/26 will give the Council more assurance with no matters causing him any concern.
- Councillor Nawaz referred to the areas which are marked as ineffective or require improvement and asked whether those areas are carried forward to the following year or is there any consequence to the Council and he asked for an explanation to the term used in the report which was materiality? Debbie Hanson explained that with regards to the

assessment and the arrangements to support the production and the audit of financial statements that is a single year assessment. She added that each year is assessed in isolation and is, therefore, not carried forward and the reason why that is provided is to give officers an understanding of where areas need to be improved but to also provide members, as those ultimately responsible for governance, with further information about the clarity of EY assessment. Debbie Hanson explained that it is something new which EY have introduced this year and this has not been previously reported in the same way and, in her opinion, it does provide a more granular assessment of the areas where improvements are needed. She added that as she had previously alluded to in her presentation, this is the first time that an audit has been undertaken in three years and there have been changes such as the retirement of the Chief Accountant partway through the year who had been in post for a long time and it was always thought that this year would be a difficult year. Debbie Hanson added that there will now be the expectation of seeing a number of those areas moving to be more effective next year. She stated that with regards to the questions concerning materiality, there is no audit of any financial statements whether that be corporate, or public sector that can ever provide 100% assurance on the material accuracy of the figures and the statements. Debbie Hanson explained that all Auditors calculate what they call a materiality level, so that they are providing assurance to the Council to state that the accounts are materially accurate and it is that materiality which indicates the quantum of the errors. She added that the Auditors are not giving 100% assurance on the accuracy of every figure, but they are stating that they are accurate to the materiality balance and that is what they audit to. Peter Catchpole added that his team do review the external audit report and reflect on the areas which are marked as ineffective and then ensure that those areas are enhanced going forward. He explained that the team are already working on an action plan for 25/26 and where both External Audit and Internal Audit indicate that there are areas where improvements can be made those are areas which are focussed on.

- Councillor Clark stated that Peter Catchpole has stated that there will be no increase in staffing within his team, and asked whether the existing team has the capacity to deal with the extra workload which is going to be needed to reach the required level? Peter Catchpole stated that when he referred to capacity, he was referring to recruitment of additional officers but explained that existing officers are being developed internally and there are more accountants in post now than have been previously and they are working towards qualifications. He added that the workload is now being spread amongst a greater number of accountants which was not the case before and he stated that he is increasing the capacity but just not the headcount.
- Councillor Benney added that the report makes reference to the fact that although the team is resourced there is still shortfall of 0.4 of a post. Peter Catchpole explained that this is a vacancy within the Internal Audit Team.
- Councillor Benney expressed the view that work involved with Internal Audit and Accountancy is a vast job and EY always do the external audits and some of the problems appear to stem from the accounts not being signed off, with it being clarified that the accounts from 23/24 have been signed off.
- Councillor Benney stated that he recalls that EY did have their own resourcing issues a number of years ago and the Council could not publish items on time due to the fact that external audits were not being undertaken. He expressed the view that a problem can arise when there is no closing balance from one year and it has an impact on the opening balance for the following year which has been highlighted in this report before the committee. Councillor Benney stated that the Council has new Internal Auditors and new officers and those members of staff will look at things in a different way to that of their predecessors. He added that those new officers will bring forward new ideas and undertake tasks in a different way from previous officers which he believes may have played a part in not having the final figures signed off and having new staff could be attributed to the points raised in the report. Councillor Benney expressed the view that the report reflects that there is room for improvement and the Council is doing a good job and is working its way towards improving its auditing standards. He added that due to various reasons there have been

issues such as the pandemic, staff changes, under resourcing issues of EY in order to sign accounts off but, in his view, all the points are being addressed and from reading the report he does not believe that the Council is in a bad position. Debbie Hanson explained that she was not involved with the Council's audit for 21/22 but she aware that the 21/22 audit was not signed off until February 2024 but she does not know the reason for the delay but recognises that it would have had an impact on the Council with regards to closing down subsequently or preparing subsequent years accounts. She made the point that she does believe it is correct to say that it was due to the EY resourcing shortages, but she agreed to ascertain what the delays were with regards to the 21/22 audit. Peter Catchpole stated that Debbie Hanson has advised that a timetable needs to be agreed for getting the final accounts signed off.

- Peter Catchpole made the point that the committee has seen the draft Statement of Accounts and the final accounts will be circulated to the committee this week, with subsequent approval by email with delegation to the Chairman and Section 151 Officer to sign them off. Debbie Hanson stated that she agrees with that proposal, and she added that the committee is responsible for governance and one of the key roles of the committee is to approve the financial statements. She added that she would expect that the accounts would be considered at the same meeting as the audit results report in order to give members the opportunity to ask questions about the accounts and ensure that they are comfortable in approving the accounts. Debbie Hanson stated that it is important that EY obtain the confirmation from the committee that they have seen the accounts and they are happy with their approval and for delegation be given to the Section 151 Officer and the Chairman.
- Councillor Mrs French stated that she noted in the report that it states the accounts will be ready by the 28 February for the sign off. Debbie Hanson stated that the 27 February is the statutory backstop date and it is envisaged they will be circulated before that date.

Members AGREED:

- **to note the content of the report, and**
- **that delegation be given to the Chairman of Audit & Risk Management Committee and the Corporate Director and Chief Finance Officer to agree any further amendments to the Statement of Accounts which may arise prior to the final 'sign off' by the external auditors.**

ARMC21/25 INTERNAL AUDIT PLAN 2025-26 PROGRESS REPORT

Deborah Moss presented the report.

Members asked the following questions:

- Councillor Mrs French asked if she could be provided with the findings of the Anglia Revenues Partnership (ARP) enforcement audit as she is involved with them in her role as the Portfolio Holder. She stated that she is concerned with regards to the number of complaints that she is receiving due to the lack of communication regarding complaints and not being addressed without any intervention by herself which, in her view, is not acceptable. Councillor Mrs French added that she also has concerns on how much the Council is owed and she would like further details concerning the amount owed and an explanation as to why the outstanding debt is not being chased. Deborah Moss explained that with regards to the enforcement audit the testing for that has been completed and the provisional audit opinion is that substantial assurance was given. She added that the audit does not go down to the level of detail concerning complaints or the debt as it is purely enforcement, but she confirmed that the process itself is working properly and the controls are in place.
- Councillor Mrs French stated that with regards to ARP she is aware that there is a very high level of fraud cases which ARP are working exceptionally hard to investigate and deal with and the fraud equates to millions of pounds across all of the partnerships. Deborah Moss agreed that they are working very hard, she deals with them on a regular basis and is aware

of the work they are undertaking and stated that the Council publishes the statistics annually on the website. Peter Catchpole added to put the word fraud into context in this case it mostly relates to the Council Tax single persons discount which is where people are not declaring that they have additional residents residing with them. He explained that the Cambridgeshire Fraud Hub exists and Councillor Mrs French was involved with the implementation of that and it carries out some excellent work on that type of fraud in particular and it is the single persons discount where most of the financial recovery comes from.

- Councillor Mrs French added that she would like to add her thanks to the County Council because without their substantial contribution the work surrounding fraud would not take place and, as Peter Catchpole stated, it is in the region of 75% of the fraud cases being as a result of single persons discount being claimed when it should not be.
- Councillor Benney stated that the single persons discount is a massive potential fraud area and he is aware that Councillor Mrs French has reported several cases to ARP, but they do not appear to be responsive enough. He added that it is not just the single persons discount which needs to be considered as there maybe residents who are also in receipt of benefits and live with a partner who is earning £30,000 per year and, therefore, the additional benefits should not be claimed. Councillor Benney added that is not right as it is public money and, in his view, ARP could do an awful lot more and be far more responsive with such matters. Deborah Moss stated that is a fair comment and she will feed that back at her next meeting with ARP. She added that they do undertake audits themselves and the other partners will audit Council Tax and Non-Domestic Rates separately. Deborah Moss added that the NFI review is being undertaken at the moment on single persons discount and that will look at all of those people that have been referred to. Peter Catchpole stated that ARP will be attending the next Overview and Scrutiny Panel and some of those issues can be considered and addressed at that meeting. Councillor Benney expressed the view that he would very much welcome that discussion to take place at that meeting. Deborah Moss stated that she has discussed with the ARP Fraud Manager about the inclusion of some of the detail concerning fraud in her annual report at the end of the year and there was also some discussion as to whether she would attend a meeting of the Audit and Risk Management Committee if that is something members would like. Councillor Benney stated that is something he would welcome.
- Councillor Nawaz stated that the single persons discount appears to be a difficult issue to resolve, and he does recall the Overview and Scrutiny Panel revisiting a discussion on that matter on numerous occasions. He questioned whether there have been any templates which have been developed to make progress on the issue as he does find the issue rather concerning. Councillor Nawaz further stated that he believed that street lighting was a function of the County Council, and he added that when looking at the report the point concerning supplier amendments/anti-fraud which is red and there are also four aspects in the priority actions. Councillor Nawaz asked whether the table could reflect monetary values as well in order to gain a better understanding? Deborah Moss stated that with regards to the question regarding supplier amendments, the Council receives several fraud alerts from people impersonating others or from people who are trying to change standing data to creditors to try and receive a payment to a fraudulent bank account. She explained that because of this issue a separate audit was undertaken to review the internal procedures with the Finance Team just to check that the verification processes that the Council has would be a good prevention and to ensure that the staff are aware of procedures to follow and the report identifies the action which came out of that audit. Deborah Moss explained that she sends through regular updates to the Finance Team concerning fraud issues as a reminder because the issue of fraud is increasing significantly.
- Councillor Nawaz stated that the issue of fraud is something which he is very concerned about as he has read in the press about individuals who claim benefits from many addresses and end up with a very high income. He expressed the view that whilst he does not want to be alarmist he would like to know whether there are any measures in place to prevent such a course of action from taking place? Deborah Moss explained that ARP are

responsible for providing the Council Tax and Benefit service on behalf of the Council and they do have a great deal of prevention measures in place and they audit to ensure that the prevention measures work. She added that the committee will also have sight of those audits once ARP have completed them. Councillor Nawaz asked whether it was possible for any of the risks to be quantitated? Deborah Moss explained that the information would need to be captured from ARP. Councillor Nawaz stated that the information may be useful for the committee to have going forwards in order for the extent of the risks to be known. Peter Catchpole expressed the view it would be useful for the committee to receive a presentation from Katie Mills who is part of the Cambridgeshire Fraud Hub as she can provide facts and figures to the committee to give them an overview of the amount of money that they save in terms of the single persons discount. He made the point that the work that they undertake is very reassuring and they do work across a lot of districts, but they will hold targeted data for Fenland, and they would be more than happy to come and present to the committee to provide an overview of the work that they undertake.

- Deborah Moss explained that the County Council do have responsibility for street lighting, but Fenland also owns some of its own lights and deals with some lights of behalf of some of the Parish Councils as well and that is what the audit scope was about by looking at how they are dealt with and how they are managed. She explained that with regards to the supplier amendment point made by Councillor Nawaz, this was work undertaken by the Audit Team who looked at the changes to the standing data for creditors including their contact details or details regarding their banks. Deborah Moss added that this work ensured that procedures are in place and there are prevention measures to make sure that those frauds are controlled. She added that there needs to be a verification process to ensure that the established source documents have come from the actual source as it cannot be taken on face value and once verification has taken place then the changes can be made to the standing data and that is now secured and in place.
- Councillor Mrs French stated that the Council does own a number of street lights and the Council also has a contractor who undertakes work on the lights on behalf of the Parish Councils.
- Councillor Mrs French explained that with regards to the issue of fraud across all of the revenue partnerships the amount of fraud equates to millions of pounds. She added that she has asked repeatedly that once somebody has been taken to court and a decision has been made, in her opinion, the offenders should be named and shamed and the individuals names should be published.
- Councillor Benney expressed the view the issue of fraud is a very big problem and for those who are defrauding means that those people who are paying Council Tax are having to pay more. He added that members hold their elected position to represent the residents and the taxpayers of Fenland, which includes those residents who do not commit fraud, however, they are being let down by no action being taken.
- Councillor John Clark stated that the score awarded to corporate performance is reasonably limited which reflects cause for concern and he asked what time period passes before the officers comments are considered and action taken in order that an acceptable position is reached and who chases that up in order for improvement steps to be taken. Deborah Moss explained that this reflects an audit which was undertaken last year and this year a follow up exercise was undertaken on those actions to check that they have been implemented properly. She added that at the follow up stage it was very difficult to evidence that some of them had been introduced fully and as a result they have been left on the monitoring record to go through and check them. She explained that she does not want the actions to be recorded as completed when they are not and that is why they are still shown as limited as she is not fully confident that those points have been introduced to the right level. Deborah Moss added that it is still being monitored internally by Internal Audit and reports are sent to the Corporate Management Team regularly so that they are aware of what ones are outstanding and it is down to management to put those actions into place. Councillor Clark expressed the view that it is concerning if management is not reaching a reasonable level and, in his opinion, it does not set a good example to the more junior officers, and he added

that for a Corporate Management Team he finds the audit score disappointing. Deborah Moss explained that management and the corporate team are the ones that have the overall responsibility for the actions but when considering performance management, the key performance indicators are calculated by the individual services and that was what the scope was within that audit.

- Councillor Benney asked for clarification as to who sets the priorities for undertaking the audits and at what stage is it decided that an audit will be carried out? He questioned whether the audits on finance are given priority due to the significant importance. Deborah Moss explained that not every area can be covered but it should be decided on a risk basis and that should then formulate a rota in which the audits are carried out. She added that finance is an important audit to carry out due to the fact if any of the controls fail, they are monetary based and that would then be a bigger risk to the Council. Deborah Moss explained that payroll has now been adjusted to reflect an annual audit and the service areas are risk based and the risk registers are reviewed as well as the individual risks within the service plans, staff changes, complaints and other factors which may basically effect what is felt that the value of the risk would be for those areas and then they are matched accordingly with what resources there are.
- Councillor Benney made the point that he would expect there is an element of fire fighting which officers have to undertake as issues arise. Deborah Moss stated that is the case and as the authority moves towards LGR, there will still be the requirement to undertake the day to day audits but there will also be a lot more movement towards helping with transformation by looking at projects and also looking at a smooth transition because ultimately that will be one of the biggest risks for the Council. She explained that the Council needs to be in a good position as it moves forward and she referred to the point made by Councillor Mrs French with regards to ownership of assets which is something that she has raised with the Transformation Team herself very recently. Deborah Moss expressed the view that there will be an area of preparatory work which will need to be focussed on and there will be the need for that work to be of a certain level going forward. She stated that she anticipates that she can see that is where the audit function will spend a greater amount of time and resource dealing with that whilst still managing to deliver an audit opinion but she cannot divert too much time away from non-audit work as she does not have the resource to do so.
- Peter Catchpole stated that the draft Internal Audit Plan will be brought to the committee for sign off at the next committee meeting. He added that what he needs is to see that there are enough audits being undertaken in order to be able to give an annual opinion and to keep the External Auditors content.
- Peter Catchpole referred to the outstanding actions and explained that there is a list of outstanding actions which is taken to Management Team and those actions are raised and chased up. He added that he is quite vocal at Management Team with regards to the audit actions and he explained that that he is now considering insisting that if an audit action is not completed by the agreed date then he will be asking the relevant manager to come before the committee to provide an explanation as to why the actions have not been dealt with. Peter Catchpole made the point that he is becoming very frustrated with some of the outstanding actions and the overdue ones and he explained that he does not tell the teams when they have to have the actions completed by, but they do agree a reasonable time for the action to be completed and, in his opinion, there is no excuse for it not to be done. He stated that he is very harsh on that aspect of work and very vocal and he would hope to see a significant improvement the next time a report comes before the committee.
- Councillor Mrs French stated that many points are all centred around LGR and there is still so much uncertainty around the project. She added that it was decided by Council not to proceed with the new Local Plan several months ago and then because of LGR it was decided on 15 December that the new work on the new Local Plan should be resurrected. Councillor Mrs French asked Deborah Moss whether she will be looking at the project as it is going to cost a considerable amount of money. She added that if the Council do not undertake a new Local Plan then the Government undertake a plan on the Council's behalf which could cost significantly more. Councillor Mrs French asked whether Internal Audit

would become involved with the process as it moves along? Deborah Moss stated that she does not anticipate that Internal Audit will become involved with the project, adding that the Council has to have a Local Plan as it is a statutory requirement, and she agrees that it should be a plan developed by Fenland and not one foisted upon the Council by Central Government. She expressed the view that she does not foresee Internal Audit needing to become involved with the project as it is a very specialised subject and she does not see what value Internal Audit would bring to the project apart from checking it is progressing and is going to be delivered on time. Councillor Mrs French made the point that she is more concerned with regards to the cost of the plan and, in her view, that needs to be looked at very carefully in order that no money is wasted and there must be no duplication on information which is already held and could still be used. Peter Catchpole stated that he would like to reassure members that both himself and Sian Warren, the Chief Accountant, will be scrutinising and tracking any associated spend associated with the Local Plan as will the Leader of the Council, Councillor Boden.

- Councillor Benney stated that work on a new Local Plan commenced in 2019 but that has never come to fruition and now the decision to undertake the work on a new Local Plan has been forced upon the Council because it is financially better to do it than not to do it. He added that there is also a great deal of expenditure as a result of the Inspire projects which, in his view, could also be a risk to the authority and he asked whether there is any audit work being undertaken on those projects? Councillor Benney stated that there is no certainty whether LGR will actually come forward as it has yet to go through the Houses of Parliament and he questioned whether there will be audits undertaken on what the cost implications of LGR are likely to be, because, in his view, he would place both Inspire and LGR as high priority risks on the risk register. Deborah Moss stated that the Inspire projects already appear on the Audit Plan and instead of undertaking a specific audit on those she is working alongside the Transformation Team responsible for the projects and she is incorporating the governance role within that as that is where she feels that audit would sit. She explained that the Transformation Team have already designed a governance checklist and she will attend some of the meetings and, in her view, will obtain better value in seeing how it is working, rather than looking at the controls behind it which is what audit would traditionally do. Deborah Moss added that with regard to the value of LGR and the money being spent, it is her understanding that the Council has already started to track expenditure and there will completion of timesheets and the amount of money being spent will be recorded separately in order for it to be monitored and reviewed. Peter Catchpole made the point that they are two big areas and LGR is happening across Cambridgeshire and there will be a new Implementation Director commencing in March who will oversee the whole process for the county. He added that at the last Cabinet meeting, it was agreed to set up a LGR reserve which is not to be spent on external consultants but will be to capture internal costs. Peter Catchpole explained that many officers are being included into various workstreams for LGR, and both himself and Sian Warren are already part of a finance group and Stephen Beacher has joined an ICT and Customer Service group. He expressed the view that the whole project is only going to increase in size and gain momentum and the Council are capturing the costs that are being spent on LGR which is completely on internal officer time. Peter Catchpole explained that it will have an impact as officers are already very busy and it will be interesting to see how things progress. He added that with regards to Inspire projects, the Transformation Team are being used as the Programme Management Office to track the spend and look at what is taking place in those areas and Deborah Moss will include that on the Internal Audit Plan.
- Councillor Mrs French stated that it had been anticipated that the Council would commence the collection of food waste from domestic properties in June but it would appear that is now not going to be the case. She added that officers have spent a significant amount of time on the food waste collection project only to be stopped again and it is not the Council's fault. Councillor Clark stated that he was under the impression that DEFRA are to pay for the set-up of the food waste collection service. Peter Catchpole explained that the Council was originally advised that the project would be funded by New Burdens which is a framework

that ensures that local authorities are properly assessed and fully funded for any new responsibilities that they may face. He explained that the Council received New Burdens funding for the purchase of the capital, the vehicles and the food caddies, as well as receiving some transitional revenue funding to assist for a few months with the revenue costs. Peter Catchpole made the point that since the recent Local Government finance settlement he has now been advised that the revenue funding for food waste is included in the settlement, however, it is not clear where the funding is. He explained that at the current time the costs have been built into the draft budget, which will be discussed at Full Council and he added that he is still requesting clarity on whether there will be any further funding as the Council did not do particularly well out of the financial settlement as it appears that the extra funding which was available went to Unitary Authorities and the County Council.

- Councillor Clark stated that he was under the impression that the project was going to be funded by DEFRA as he had been advised at an Employment Committee and he was going to ask whether the project was going to be a risk, where the Government fund the project and then a year later they withdraw all funding leaving the Council to pay but it now appears that is not a consideration.
- Councillor Benney stated that it appears that it will be highly unlikely that the 0.4 post in Internal Audit is going to be recruited to and as a result of new projects there is going to be the need for extra audits which will need to be undertaken. He added that Councillor Clark has already pointed out that there are too many red and amber entries on the RAG register as opposed to green and the only way to change that is to have more staff in post. Councillor Benney stated that there are also new members of staff in the Finance Team who will need training by those officers who are qualified which has a domino effect on workloads whilst time is spent training those new staff and he questioned whether there are enough officers in post. Councillor Benney made the point that members cannot highlight that there are not enough green entries on the RAG register and expect officers to do the work when there are not enough staff in post to undertake the workload. He asked for confirmation as to whether there is enough resource in place to facilitate the workload because otherwise, in his opinion, that should be considered as a risk. Deborah Moss explained that ideally she would like to include the 0.4 of a post together with some additional budget to be able to have some additional resource and that would be her preference. She expressed the opinion her team could not fulfil audits with a lesser resource and she will be able to provide an audit opinion as there have been enough audits undertaken along with ARP who also undertake some the audits on behalf of the Council. Deborah Moss added that the budget for the 0.4 post is allocated and she would like to be able to utilise it as she would like to have some ICT audits included because, in her opinion, it provides a better coverage of what has been looked at. She expressed the view that she would need to consider how to make the best use of the 0.4 post or whether to consider adding to it to make something different.
- Councillor Benney added that whilst somebody is absent then their hours cannot be recouped especially when the service is already short of staff. He added that he appreciates that it is difficult being challenged when he is asking whether there needs to be an additional resource, however, as the committee are requesting for extra tasks to be undertaken, it is unfair for that request to be made if there are no staff in place to do the work. Deborah Moss stated that it probably fortunate at the current time that the Audit Plan is being deferred until May as if what is coming forward in March then it may have proved to be problematic as there are still some audits from this year's plan that can be rolled over. She explained that they would either defer from one year to the next or they would just be continued with a view to starting the plan afresh once the committee view it in May which is what she proposes to be the best option. Deborah Moss explained that there will be enough audits with opinions against them to give an audit opinion for the annual governance statement. Peter Catchpole stated that he could go to any manager and they would all say that they would like extra staff which, in his opinion, is fair. He added that Deborah Moss has stated that she can provide an audit opinion for 25/26 and then once the Audit Plan comes forward then the Council should be able to match up resource to the audit plan. Peter Catchpole added that it

has to be a risk-based audit plan and he will consider looking back at historic audits which have been undertaken in the past and decide whether it is worth doing those audits again. He stated that he is very mindful of the requirements and he will bring the report forward to the committee in May with the draft audit plan and match it to the resource requirements. Peter Catchpole explained that he will not remove the 0.4 resource away from the budget for next year and that will be looked at once the resource is matched against the work which is required. He made the point that there is no doubt that LGR has changed the landscape in a lot of areas and what is still uncertain is the amount of time which is going to be invested into LGR and by default it may be necessary to look at resource in various areas. Peter Catchpole stated that he will not compromise on governance and there are and always should be areas where improvements can be made. He explained that he is concerned that 26/27 will bring about extra workload as a result of LGR and more and more is being asked of everybody and the authority is looking at ways where efficiencies can be improved. Peter Catchpole explained that the use of AI is also being tested in some areas and there needs to be forward thinking into process efficiencies as the authority looks ahead. He stated that he has just published the budget figures which demonstrates that there is a £2.8 million deficit for next year and whilst he is sure that it will not be the case when the year-end comes, the budget can only set on what is known at the current time, whilst reviewing everything constantly.

- Councillor Benney made the point that the forecast budget is always pessimistic, and it improves during the year which is why the Council had a budget equalisation fund that built up to £1 million because that was where it was budgeted to. Peter Catchpole clarified that it is now built up to £2.2 million.
- Councillor Clark stated that staff can be pushed so far but there does come a time when they cannot be pushed anymore and as a result, they take their expertise somewhere else, and it is a difficult position to be in. Peter Catchpole stated that he agrees with that point and added that he does have a very good working relationship with his team and he is sure that they will let him know if there becomes an issue or problem.
- Peter Catchpole advised the committee that he will be reducing his hours in the new financial year and will be focussing more of his time onto finance and internal audit

Members AGREED to note:

- **the activity and performance of the Internal Audit function, and**
- **the current status of agreed actions and review and challenge overdue high-risk items.**

Members asked for it to be noted that the comments that they had made during the debate and discussion were to be taken into consideration.

ARMC22/25 CORPORATE RISK REGISTER REVIEW

Stephen Beacher presented the report to members.

Members AGREED the latest Corporate Risk Register.

ARMC23/25 AUDIT AND RISK MANAGEMENT COMMITTEE WORKPLAN

Members considered the Audit and Risk Management Committee workplan.

Deborah Moss stated that members are welcome to feed into the workplan and advise of any matters that they wish to bring forward to a future meeting. She added that she has referred to the Economic, Crime and Corporate Transparency Act and the duties upon the Council to prevent fraud and it was agreed that she would like to provide a briefing to the committee prior to the next meeting.

Deborah Moss stated that if members would like any training on specific topics then please advise her because as a committee, they have undertaken very little training. She added that this is something that she would welcome because when she undertakes the self-assessment with regards to how effective they are as a committee that will be one of the areas that the committee needs to self-assess themselves on. Councillor Benney stated that he agrees and quite a lot of the training which members have received is historic and, in his view, the training should begin again at the basics in order to bring the committee up to a high standard.

It was agreed that an invitation should be sent out to ask a representative from the Cambridgeshire Fraud Hub to attend a future meeting.

Members noted the workplan.

ARMC24/25 ITEMS OF TOPICAL INTEREST

There were no items of topical interest.

5.35 pm

Chairman

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Fenland District Council

Audit planning report

Year ended 31 March 2026

28 April 2026



Shape the future
with confidence



The better the question. The better the answer. The better the world works.

Private and Confidential

28 April 2026



Audit and Risk Management Committee
Fenland District Council
Fenland Hall, County Road
March
Cambridgeshire
PE15 8NQ

Dear Committee Members,

Audit Planning Report 2025/26

We are pleased to attach our Audit Planning Report for the forthcoming meeting of the Audit and Risk Management Committee. The purpose of this report is to provide the Committee of Fenland District Council (the Council) with a basis to review our proposed audit approach and scope for the 2025/26 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements.

This report is intended solely for the information and use of the Audit and Risk Management Committee and management, and is not intended to be, and should not be used, by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 11 May 2026 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

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Contents

- 1 Overview of our 2025/26 audit strategy
- 2 Audit risks
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- 4 Audit materiality
- 5 Scope of the audit
- 6 Audit team
- 7 Audit timeline
- 8 Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the 'Statement of responsibilities of auditors and audited bodies'. It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The 'Terms of Appointment and further guidance (updated October 2025)' issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/contract-monitoring-2023-24-to-2027-28/terms-of-appointment-from-2023-24/terms-of-appointment-and-further-guidance-from-1-october-2025>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the **Audit and Risk Management Committee and management of Fenland District Council**. Our work has been undertaken so that we might state to the **Audit and Risk Management Committee and management of Fenland District Council** those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the **Audit and Risk Management Committee and management of Fenland District Council** for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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Overview of our 2025/26 audit strategy

2025/26 audit strategy overview: Rebuilding Assurance

The purpose of this report

As the Council's body charged with governance, the Audit and Risk Management Committee plays a crucial role in ensuring assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support a timely and efficient audit. Failure to achieve this will significantly increase the level of resources required to fulfil our respective responsibilities.

As part of our responsibilities, we assess and report on the adequacy of the Council's external financial reporting arrangements, as well as the effectiveness of the Audit and Risk Management Committee in fulfilling its role within those arrangements as part of our Value for Money assessment. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. Wherever necessary, we will consider invoking other statutory reporting powers to highlight any weaknesses in these arrangements. We direct Audit and Risk Management Committee members and officers to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) for expectations on preparing financial statements (see Appendix A).

Our shared strategy to rebuild assurance

We are now in Phase 2 of the implementation of the Ministry for Housing, Communities and Local Government's (MHCLG) measures to address the backlog facing local government audit. Throughout 2023/24 and 2024/25 we have applied a structured, risk-based prioritisation approach to local government audits to support a return to unqualified audit opinions wherever feasible, while still meeting statutory backstop requirements. Our approach recognises that recovery depends heavily on the Council's own capacity and preparedness and that audit effort must be targeted where it can deliver meaningful assurance.

Management has overall responsibility for leading and sustaining the Council's recovery from a disclaimed audit opinion. This includes ensuring that the financial statements are prepared in accordance with proper practices and supported by complete, accurate and timely audit evidence.

To deliver this, it is essential that management:

- Provide high quality working papers and ensure that all audit evidence is complete, consistent and readily accessible;
- Allocate sufficient, knowledgeable resources throughout the audit cycle;
- Actively engage with auditors, promptly addressing findings and resolving weaknesses in financial reporting arrangements; and
- Communicate transparently with the Audit and Risk Committee, as Those Charged with Governance, ensuring that Committee members have clear visibility of risks, progress and emerging issues.

In line with the National Audit Office's Local Audit Reset and Recovery Implementation Guidance (LARRIGs) - and specifically the guidance on rebuilding assurance following a disclaimed opinion - management must support the restoration of reliable opening balances and enable a phased progression from disclaimed to qualified and ultimately unmodified audit opinions. Achieving this requires sustained delivery of the "natural rebuild," through the completion of all planned audit procedures across successive annual cycles, alongside targeted work to rebuild assurance over historical balances, including both usable and unusable reserves, where cumulative gaps in evidence present the most significant challenges.

2025/26 audit strategy overview: Rebuilding Assurance

Our shared strategy to rebuild assurance (cont'd)

Appendix A explains the expected timeline to full assurance set out within the NAO's LARRIG 01 guidance, along with our assessment of the Council's status. During 2023/24 and 2024/25, the focus of the rebuild process has been on this "natural" rebuild, to complete all planned audit procedures for each respective audit year. As we set out in Appendix A, and in our Audit Results Report dated 9 February 2026, we were unable to complete any audit procedures for 2023/24. Although all planned audit procedures for 2024/25 could not be completed, due to the Council being unable to provide suitable evidence over certain accounts, the delivery of some of our planned procedures means that the Council has now commenced the "natural" rebuild process to some degree.

As part of our interim audit procedures for 2025/26, we will undertake a detailed risk assessment to evaluate the risk of material misstatement in the opening reserves balances at 1 April 2025, and to assess management's readiness to support the historic rebuild process over transactions and balances in 2023/24 and 2022/23 that were not subject to audit. This work is expected to be completed by 30 June 2026 and is essential to determining whether the pre-2024/25 gaps in assurance - particularly those relating to reserves and other cumulative balances - can be sufficiently addressed to support future progression towards qualified or unmodified audit opinions.

We will discuss the outcome of our risk assessment over the opening reserves balances with management to confirm our planned approach for 2025/26. However, because we were unable to complete all planned audit procedures for 2024/25 due to the reasons outlined above, it is unlikely that we will commence any rebuilding of assurance over the historic position during the 2025/26 audit cycle. In line with our established prioritisation principles, we will focus our audit resources on rebuilding assurance for those bodies where planned audit procedures were completed in 2023/24 and 2024/25, in order to support the sector wide objective of returning to unmodified audit opinions as quickly and sustainably as possible.

It is therefore critical that management ensure they can provide high quality working papers, robust audit evidence, and resolve the underlying issues identified in prior years as part of the 2025/26 audit cycle. This will be essential to avoid any further delay in the eventual process for rebuilding assurance over the Council's historic position.

Preparedness for audit

Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. Our 2024/25 reporting included our assessment of the effectiveness of the Council's arrangements to support the external audit process across a range of relevant measures (reproduced in Appendix A). We concluded that improvements were required in relation to the quality of the financial statements and the timeliness of evidence in relation to key accounting estimates and sample testing.

We will continue to report on our assessment of the quality of the Council's financial statements' preparation and support, to support ongoing transparency of the audit process to those charged with governance, and to facilitate benchmarking and tracking of progress in future years.

Scope of our audit

In accordance with the NAO Code, our primary objectives are to conduct work that supports the delivery of our audit report to the Council. Additionally, we aim to ensure that the Council has established proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, as mandated by relevant legislation and the requirements of the NAO Code. We will issue an Audit Results Report that summarises our opinion on the financial statements by 31 January 2027 and other procedures required by the Code. This includes our assessment of the control environment, including our follow up of the recommendations that we made in 2024/25 (refer to Appendix C). In addition, our Auditor's Annual Report will conclude on whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

2025/26 audit strategy overview: Rebuilding Assurance

Timeline

An audit timetable has been agreed with management. In Section 07 we include a provisional timeline for the audit. It is essential that all parties collaborate to ensure compliance with this timeline.

Our independence considerations

Please refer to Appendix B for our update on independence. We have no independence issues to report.

2025/26 audit strategy overview: Audit risks and materiality

Audit risks and areas of focus

The purpose of our audit is to obtain reasonable assurance to express an opinion about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. There are two significant changes to the scoping for the audit of the 2025/26 financial statements. The first relates to the implementation of CIPFA's Bulletin 22 in relation to the valuation of Property, Plant and Equipment. The second relates to the transfer of GL data which took place in 2025/26, which we have identified as a new inherent risk.

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Risk Management Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.




Risk/area of focus	Risk identified	Change from PY	Details
Presumptive risk of management override of controls	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Implementation of IFRS 16	Inherent risk	No change in risk or focus	The Council did not perform a thorough risk assessment of the leases that would fall under IFRS 16 adoption in 2024/25. As we were unable to gain assurance in 2024/25, the risk around implementation remains for the 2025/26 audit.
Valuation of pension liability	Inherent risk	No change in risk or focus	Accounting for the Council's participation in the Cambridgeshire Pension Fund involves significant estimation and judgement, including financial and demographic assumptions. There is a risk that the net pension asset/liability recognised is materially misstated, as its recognition and measurement is subject to significant management judgement, including the application of the IAS 19 asset ceiling and the assessment of the Council's ability to realise future economic benefits. The Council engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

2025/26 audit strategy overview: Audit risks and materiality

Audit risks and areas of focus (cont'd)

Risk/area of focus	Risk identified	Change from PY	Details
Valuation of land & buildings and investment property	Inherent risk	No change in risk or focus	In the 2025/26 financial statements, the Council will be required to apply CIPFA Bulletin 22 which reassesses the current regime of valuation for non-investment assets across the public sector. The guidance mandates a quinquennial revaluation or a five-year rolling programme for formal valuations, supported by annual indexation in the intervening years. We understand that the Council plans to undertake a full revaluation of all its property assets for 2025/26. This will mean that in future years indices will need to be applied and successful implementation will depend on the Council ensuring that appropriate indices are selected in intervening years between the quinquennial valuations.
Change in general ledger system	Inherent risk	New risk	During February 2026, the Council transferred its general ledger data to the web. We have identified an inherent risk associated with this, focusing on the completeness of data transferred, the controls around the transfer and accessibility of historical data.

Materiality

 <p>Materiality has been set at £1 million, which represents 2% of total gross expenditure in 2025/26. This represents the first 10 months of 2025/26 data, which has then been annualised (2024/25: £1.15 million, 2%).</p>	 <p>Performance materiality has been set at £0.75 million, which represents 75% of planning materiality.</p>	 <p>We will report all uncorrected misstatements relating to the income statement and balance sheet that have an effect on income and misstatements in the OCI over £0.05 million. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit and Risk Management Committee.</p>
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2025/26 audit strategy overview: Value for Money

Our risk assessment

Under the NAO Code we are required to:

- Satisfy ourselves that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources, having regard to [NAO AGN 03](#);
- Design work to provide sufficient assurance to support reporting against the Code's specified reporting criteria outlined below; and
- Apply a risk-based approach to our work, informed by sector knowledge, the annual governance statement, evidence from the financial statements audit and relevant work of other bodies.

In undertaking our risk assessment, we obtain an understanding of the key processes the Council has in place, including financial management, risk management and partnership working arrangements. Our Auditor's Annual Report, which will be issued before 30 November 2026 will include a summary of our commentary on the arrangements in place against each of the three value for money criteria and recommendations raised as a result of any significant weaknesses identified. A key part of our work will be the follow up of previous recommendations to provide the Committee with assurance on the pace of planned improvements.

	Financial sustainability How the Council plans and manages its resources to ensure it can continue to deliver its services.	Governance How the Council ensures that it makes informed decisions and properly manages its risks.	Improving economy, efficiency and effectiveness How the Council uses information about its costs and performance to improve the way it manages and delivers its services.
Risks of significant weaknesses in arrangements identified in 2025/26:	<ul style="list-style-type: none"> ▪ No risks of significant weakness identified in 2025/26. 	<ul style="list-style-type: none"> ▪ In light of the late publication of the 2022/23 and 2023/24 draft Statement of Accounts, and the fact that we were unable to complete all planned procedures in 2024/25, we have assessed that there remains a risk related to the timely production of good quality accounts and arrangements to support an effective audit. ▪ We have noted a lack of progress on our previous recommendation of addressing Internal Audit action points. We have therefore identified a risk of significant weakness in relation to the timely implementation of the recommended actions made in Internal Audit reports. 	<ul style="list-style-type: none"> ▪ No risks of significant weakness identified in 2025/26.

2025/26 audit strategy overview: Value for Money

Our risk assessment (cont'd)

	Financial sustainability How the Council plans and manages its resources to ensure it can continue to deliver its services.	Governance How the Council ensures that it makes informed decisions and properly manages its risks.	Improving economy, efficiency and effectiveness How the Council uses information about its costs and performance to improve the way it manages and delivers its services.
Recommendations identified in 2024/25 (refer to Appendix C):	<ul style="list-style-type: none"> No recommendations identified in 2024/25. 	<ul style="list-style-type: none"> The Council should review and assess the adequacy of the skills and capacity of the Council's finance team to ensure it is sufficient to support all the Council's business critical activities. The Council consider the appointment of an independent member to the Audit and Risk Management Committee to ensure the Committee is operating independently and with the correct skill mix in place to support an effective layer of governance. The Council should publish the Annual Governance Statement (AGS) by the 30 June 2026. The Council should ensure actions is taken to progress the recommended actions in Internal Audit reports on a timely basis. 	<ul style="list-style-type: none"> No recommendations identified in 2024/25.



02 Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Presumptive risk of management override of controls*

What is the risk, and the key judgements and estimates?

In accordance with ISA 240, the presumptive risk of management override of controls is present at every entity and we design the appropriate procedures to consider such risk.

- Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.
- Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud.

We consider this risk to be relevant to the Council.

Our response: Key areas of challenge and professional judgement

To address the risks outlined we will carry out a range of procedures including:

- Identifying fraud risks during the planning stages;
- Inquiry of management about risks of fraud and the controls put in place to address those risks;
- Understanding the oversight given by those charged with governance of management's processes over fraud;
- Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector;
- Considering whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud;
- Considering the effectiveness of management's controls designed to address the risk of fraud and determining an appropriate strategy to address those identified risks of fraud;
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements;
- Undertaking procedures to identify significant unusual transactions; and
- Considering whether management bias was present in the key accounting estimates and judgements in the financial statements.

Having evaluated this risk, we have considered whether we need to perform other audit procedures not referred to above. We concluded that those procedures included under 'Inappropriate capitalisation of revenue expenditure' are required.

Our response to significant risks

Inappropriate capitalisation of revenue expenditure*

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
<p>We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:</p> <ul style="list-style-type: none"> Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger. Expenditure being classified as revenue expenditure funded as capital under statute (REFCUS) when it is inappropriate to do so. Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year. <p>If this were to happen it would have the impact of understating revenue expenditure and overstating Property, Plant and Equipment (PPE)/Investment Property (IP) additions and/or REFCUS in the financial statements.</p> <p>PPE additions totalled £5.93 million in 2024/25.</p>	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.</p> <p>We consider this risk to be relevant to the Council.</p>	<p>To address the risks outlined we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> Testing Property, Plant and Equipment (PPE) and Investment Property (IP) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature; Assessing whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred; Considering whether any development or other related costs that have been capitalised are reasonable to do so; Testing REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources; and Seeking to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks but are still important when considering the risks of material misstatement to the financial statements and disclosures.

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
<p>Valuation of pension liability</p> <p>The Council's net pension liability is measured as the sum of the long-term payments due to members as they retire against the Council's share of the Cambridgeshire Pension Fund investments.</p> <p>At 31 March 2025 the Council's net liability totalled £10.05 million. This included an unfunded liability of £0.82m.</p>	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.</p> <p>The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Council.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>In response to the risk, we will:</p> <ul style="list-style-type: none"> ▪ Liaise with the auditors of Cambridgeshire Pension Fund to obtain assurance over the information supplied to the actuary and confirm joint assurances in respect of employer and employee contributions; ▪ Liaise with the auditors of the Pension Fund over their testing of the data provided for the 2025 triennial valuation; ▪ Engage our actuarial specialists to assess the work of the actuary. This will involve a consideration of the net asset/liability and any calculation of the asset ceiling in accordance with IFRIC 14 where relevant; ▪ Assess the work of PwC, appointed to consider actuarial assumptions used at the year end for all local government sector bodies; ▪ Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19; ▪ Engage our EY Pensions Consulting team to perform roll-forward procedures and consider the calculation of the asset ceiling if applicable. <p>As part of our audit procedures, we will request that the Council obtain an asset ceiling report from its actuary. Our actuarial specialists will review the asset ceiling report to satisfy themselves that it is materially correct. Following review, we will also ensure that pension liabilities are appropriately recorded within the Council's financial statements.</p>

Other areas of audit focus

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
<p>Valuation of land & buildings and investment property</p>		
<p>The fair value of land and buildings included in Property, Plant and Equipment (PPE) represents a significant balance in the Authority's accounts and is subject to valuation changes, impairment reviews and depreciation charges.</p> <p>At 31 March 2025, the net book value of land and buildings was £50.83 million and investment property £6.49 million.</p> <p>Management is required to make material judgemental inputs and apply estimation techniques to calculate the year end balances recorded in the Balance Sheet.</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>In the 2025/26 financial statements the Council will be required to apply CIPFA Bulletin 22 which reassesses the current regime of valuation for non-investment assets across the public sector. The guidance mandates a quinquennial revaluation or a five-year rolling programme for formal valuations, supported by annual indexation in the intervening years.</p> <p>We understand that the Council plans to undertake a full revaluation of all its property assets for 2025/26. This will mean that in future years indices will need to be applied and successful implementation will depend on the Council ensuring that appropriate indices are selected in intervening years between the quinquennial valuations.</p> <p>These changes do not impact investment property which is still required to be revalued in full each year.</p>	<p>In response to the risk, we will:</p> <ul style="list-style-type: none"> ▪ Review and assess management's assessment and planned approach to CIPFA Bulletin 22, in the context of other challenges in the application; ▪ Review and appraise the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ▪ Sample test key asset information used, and assumptions made by the valuers in performing their valuation (e.g. floor plans to support price per square metre, yields and future rental income); ▪ Consider the involvement of EY internal specialists to challenge the work performed by the Council's valuers; ▪ Assess any changes to useful economic lives against the most recent valuer assessments; ▪ Test accounting entries have been correctly processed in the financial statements; and ▪ Review and assess management's impairment assessment of ongoing and completed capital projects to ensure assets are held at an appropriate value.

Other areas of audit focus

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
Implementation of IFRS 16		
<p>Misstatements that occur in relation to this risk would affect the Council's right of use assets and lease liability balances.</p>	<p>The Council did not perform a thorough risk assessment of the leases that would fall under IFRS 16 adoption in 2024/25. As we were unable to gain assurance in 2024/25, the risk around implementation remains for the 2025/26 audit.</p> <p>Successful transition will depend on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments.</p>	<p>We will:</p> <ul style="list-style-type: none"> ▪ Gain an understanding of the processes and controls developed by the Council relevant to the implementation of IFRS 16. We will pay particular attention to the Council's arrangements to ensure lease and lease-type arrangements considered are complete; ▪ Review the discount rate that is used to calculate the right of use asset and assess its reasonableness; ▪ Review management policies, including whether to use a portfolio approach, low value threshold, and asset classes where management is adopting as the practical expedient to non-lease components; ▪ Gain assurance over the right of use asset included in the 2025/26 financial statements; ▪ Sample test leases to ensure that transition arrangements have been correctly applied; AND ▪ Consider the accounting for leases provided at below market rate, including peppercorn and nil consideration, and the need to make adjustments to cost in the valuation of right of use assets at the balance sheet date.
Change in general ledger system		
<p>Misstatements that occur in relation to this risk could pervasively affect the completeness of the Council's balances.</p>	<p>During February 2026, the Council transferred its general ledger data to the web. We have identified an inherent risk associated with this, focusing on the completeness of data transferred, the controls around the transfer, and accessibility of historical data.</p>	<p>We will:</p> <ul style="list-style-type: none"> ▪ Gain an understand of the process by which the new system went live and the nature of any testing of the data transfer; ▪ Perform a walkthrough to gain an understanding of the design and implementation of new controls in the new system; and ▪ Perform testing to gain assurance over the completeness of data transferred.



03 Value for money

Value for money

Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with the financial statements, the Council is required to bring together a commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

Auditor responsibilities

Under the NAO Code we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:



Financial sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness

How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Value for money

Planning and identifying risks of significant weakness in value for money arrangements

The NAO's guidance notes require us to conduct a risk assessment that collects sufficient evidence to document our evaluation of the Council's arrangements, allowing us to draft a commentary under the three reporting criteria. This involves identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. In considering the Council's arrangements, we consider:

- The annual governance statement;
- Evidence of arrangements during the reporting period;
- Evidence obtained from our audit of the financial statements;
- The work of inspectorates and other bodies; and
- Any other evidence that we deem necessary to facilitate the performance of our statutory duties.

We then evaluate whether there is evidence indicating significant weaknesses in arrangements. According to the NAO's guidance, determining what constitutes a significant weakness and the extent of additional audit work required to address the risk is based on professional judgment. The NAO indicates that a weakness can be considered significant if it:

- Exposes, or could reasonably be expected to expose, the council to significant financial loss or risk;
- Leads to, or could reasonably be expected to lead to, significant impact on the quality or effectiveness of service or on the council's reputation or unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

When planning work identifies a risk of significant weakness, the NAO's guidance requires us to consider the additional evidence needed to verify whether there is a significant weakness in arrangements. This involves conducting further procedures as necessary. We are required to report our planned procedures to the Audit and Risk Management Committee.

Reporting on value for money arrangements

If we determine that the Council has not made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, the NAO Code mandates that we reference this by exception in the audit report on the financial statements.

Additionally, we are required to provide a commentary on the value for money arrangements in the Auditor's Annual Report. The NAO Code specifies that this commentary should be clear, readily understandable, and highlight any issues we wish to draw to the Council's or the wider public's attention. This may include matters that are not considered significant weaknesses in arrangements but should still be brought to the Council's attention. It will also cover details of any recommendations from the audit and the follow-up of previously issued recommendations, along with our assessment of their satisfactory implementation. Our 2025/26 Auditor's Annual Report must be issued by 30 November 2026 to comply with the revised requirements of the NAO Code.

Value for money

Value for money risk assessment

We have completed our initial value for money planning, where we have considered:

- Our entity level controls and understanding the business assessment;
- The Council's Risk Register and 2024/25 Annual Governance Statement;
- Council meeting minutes and our planning meetings with management;
- Key financial and budget information; and
- Key performance and Internal Audit reports.

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing value for money that we needed to perform further procedures on. We have noted these below.

Criteria	2024/25 judgements on arrangements	2025/26 risk assessment	2025/26 expected procedures to respond
Financial sustainability	No significant weaknesses were identified.	<ul style="list-style-type: none"> ▪ No risks of significant weakness identified in 2025/26. 	<ul style="list-style-type: none"> ▪ Not applicable.
Governance	No significant weaknesses were identified.	<ul style="list-style-type: none"> ▪ In light of the late publication of the 2022/23 and 2023/24 draft Statement of Accounts, and the fact that we were unable to complete all planned procedures in 2024/25, we have assessed that there remains a risk related to the timely production of good quality accounts and arrangements to support an effective audit. ▪ We have noted a lack of progress on our previous recommendation of addressing Internal Audit action points. We have therefore identified a risk of significant weakness in relation to the timely implementation of the recommended actions made in Internal Audit reports. 	<ul style="list-style-type: none"> ▪ We will confirm whether the Council has complied with the Audit and Accounts Regulations and published the draft financial statements and Annual Governance Statement by the 30 June 2026 deadline. ▪ We will also consider the timeliness and quality of the working papers and evidence provided by the Council during the year end audit. ▪ We will seek to understand further the nature of the outstanding recommendations and reasons for delays, as well as progress that has been made on the Internal Audit recommendations.
Improving economy, efficiency and effectiveness	No significant weaknesses were identified.	<ul style="list-style-type: none"> ▪ No risks of significant weakness identified in 2025/26. 	<ul style="list-style-type: none"> ▪ Not applicable.

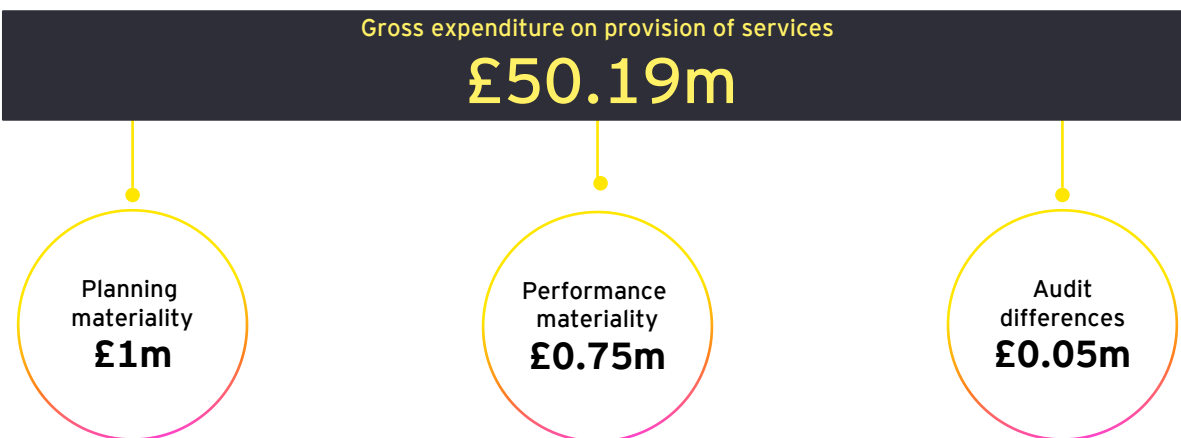


04 Audit materiality

Materiality

Council materiality

For planning purposes, Council materiality for 2025/26 has been set at £1 million. This represents 2% of the Council's 2025/26 gross expenditure on provision of services. This is based on month 10 figures for 2025/26, which has then been annualised. It will be reassessed throughout the audit process. The rationale for basing materiality on gross expenditure is that, for a public sector entity, users of the accounts expectations are focused on measuring expenditure and meeting planned targets. We have provided supplemental information about audit materiality in Appendix F.



We request that the Audit and Risk Management Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – The amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – The amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.75 million which represents 75% of planning materiality. Per our initial assessment, we do not believe there are errors that are indicative of pervasive errors throughout the financial statements or a higher likelihood of misstatement in other areas and have therefore used the higher end of 75% of our planning materiality

Audit difference threshold – We will report to you all uncorrected misstatements over £0.05 million, relating to the income statement and balance sheet that have an effect on income and misstatements in the OCI.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow or disclosures and corrected misstatements will be communicated to the extent that they merit the attention of the Audit and Risk Management Committee or are important from a qualitative perspective.



05 Scope of our audit

Audit process and strategy

Objectives of our audit scoping

In accordance with the NAO Code, our primary objectives are to conduct work that supports the delivery of our audit report to the Council. Additionally, we aim to ensure that the Council has established proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, as mandated by relevant legislation and the requirements of the NAO Code. We will issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

- Whether the financial statements give a true and fair view of the financial position of the council and its expenditure and income for the period in question; and
- Whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- Whether other information published together with the audited financial statements is consistent with the financial statements.

Other procedures required by the Code:

- Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the National Audit Office.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Internal audit

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

In 2024/25, the Council's Internal Audit Annual Report gave an opinion of reasonable assurance over the arrangements in place.



06 Audit team

Audit team

Audit team leadership

The global engagement team is led by Debbie Hanson, who has overall responsibility for the performance of the audit and for the auditor's report issued on behalf of EY.

Our approach to the use of specialists

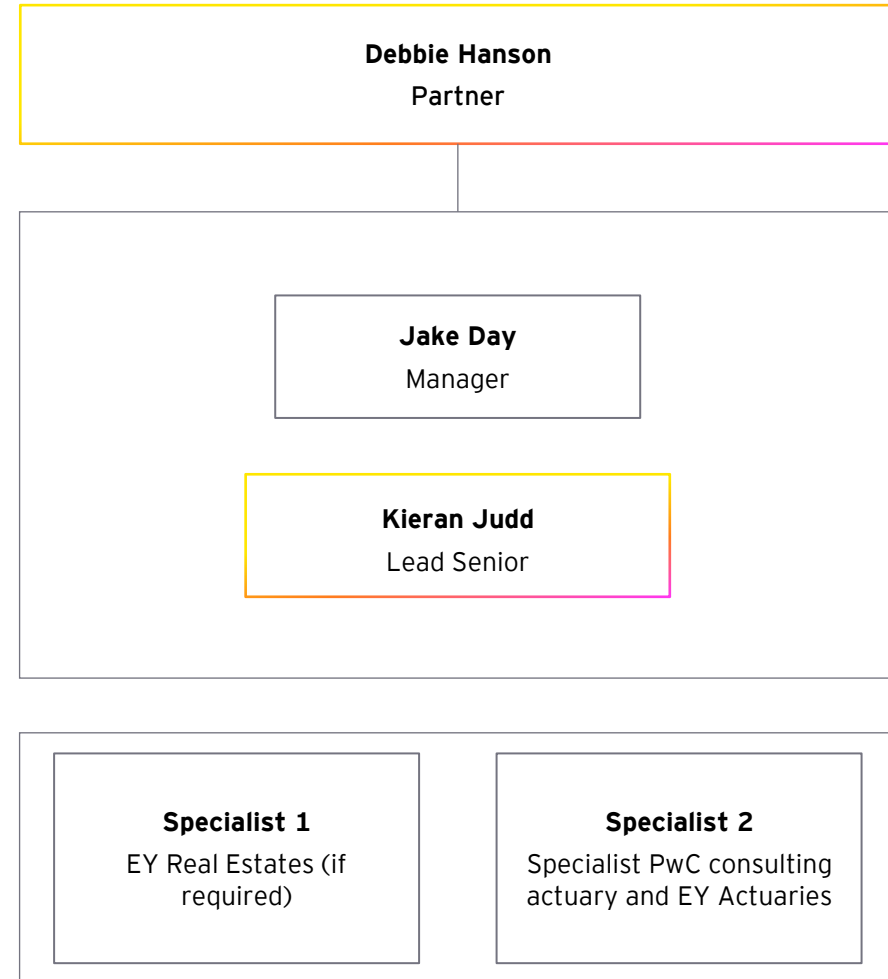
When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

Area	Specialists
Valuation of land and buildings	EY Valuations team (if required)
Pensions disclosure	EY Actuaries

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.





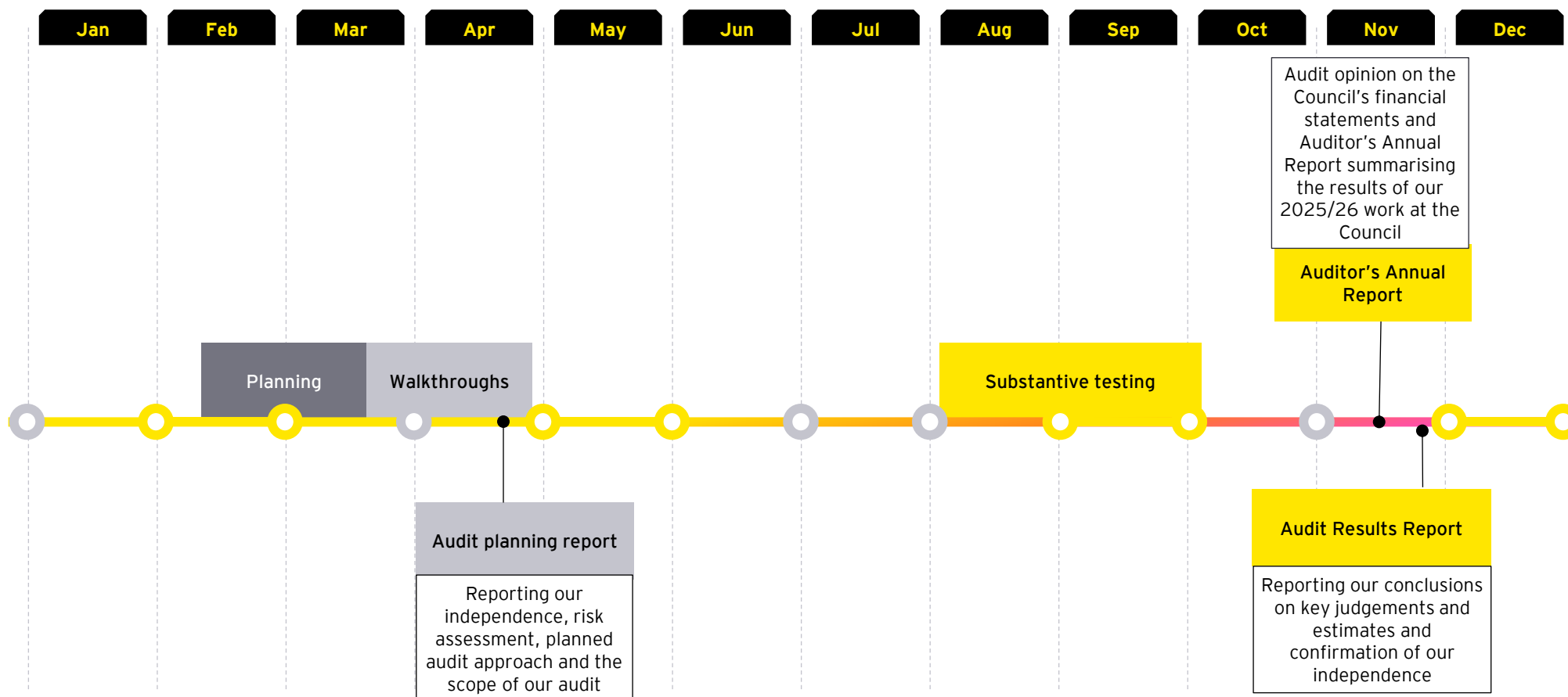
07 Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2025/26.

From time to time matters may arise that require immediate communication with the Audit and Risk Management Committee and we will discuss them with Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





08 Appendices

Appendix A – Rebuilding assurance: Responsibilities

The Council's responsibilities

As set out in Appendix B our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular, the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- Prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;
- Ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.
- Assign responsibilities clearly to staff with the appropriate expertise and experience;
- Provide necessary resources to enable delivery of the plan;
- Maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;
- Ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;
- Ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and
- During the course of the audit provide responses to auditor queries on a timely basis.

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable, and the start date of the audit will be delayed.

Observations from 2024/25

As we have outlined in prior years, our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. We presented our views on the effectiveness of the Council's arrangements to support external financial across a range of relevant measures as part of our 2024/25 Audit Results Report.

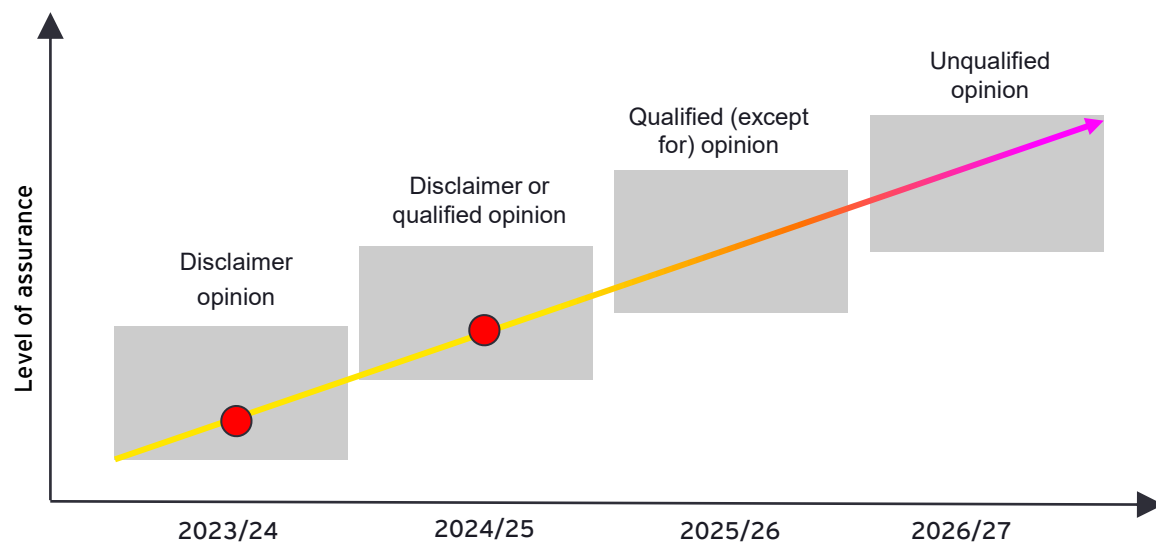
We have provided this assessment on Page 32. Where we have been unable to undertake all planned procedures, this is likely to extend the timetable to recover assurance on the Council's financial statements, see Page 31 for further details.

Appendix A – Rebuilding assurance: Responsibilities

Progress to full assurance

The chart below sets out the illustrative timescale for the process of rebuilding assurance set out in the NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01, together with our view of the Council's actual progress against that timescale, the reasons for that assessment and what still needs to be done to successfully rebuild assurance.

The guidance recognises that the path to full assurance, and therefore an unqualified opinion, will usually take a number of years to achieve, and depends upon co-ordination and engagement between the Council and audit team. Since 2022/23, we have applied a structured, risk-based prioritisation approach to local government audits to support a return to unqualified audit opinions wherever feasible, while still meeting statutory backstop requirements.



Fenland District Council progress

In the audit reports for the years ended 31 March 2023, 31 March 2024 and 31 March 2025, a disclaimer of opinion was issued due to the application of the backstop. This means the auditor has not been able to form an opinion on the financial statements.

The Council's progress is behind the expected timescales for rebuilding assurance set out in LARRIG 01 due to no planned procedures being completed on the 2023/24 financial statements.

There are also some accounts where no planned procedures have been able to be completed for 2024/25, further hindering the build back of assurance.

In 2024/25, additional assurance was achieved in relation to various significant account balances, including Investment Property, Investments, Borrowings, Long-Term Debtors, Provisions, Cash, and Collection Fund Income & Expenditure.

However, there is a continuing lack of assurance over Other Income and Expenditure balances, as well as PPE, Short-Term Debtors and Creditors, and Reserve balances. As a result, we anticipate that for 2025/26:

- We will have limited assurance over the opening balances for 2025/26; and
- Limited assurance over the closing reserves balance, due to uncertainty over the opening amount.

We will continue to work with the Council to rebuild assurance over time. Our objective is to continue to rebuild assurance, by providing assurance over the in year 2025/26 transactions and movements, where possible, and closing balances which can be materially determined without the opening balance, such as debtors and creditors.

Appendix A – Rebuilding assurance: Responsibilities

Factors impacting the execution of the 2024/25 audit

Area	Status			Explanation	Further detail
	R	A	G		
Timeliness of the draft financial statements	Effective			The financial statements were published by the 30 June 2025 deadline set out in the Accounts and Audit Regulations. However, the Annual Governance Statement (AGS) was not published alongside the financial statements as required per the regulations	The Council were unaware of the requirement to publish the AGS along with the accounts by the deadline and have agreed to ensure the 2025/26 AGS is published prior to the statutory deadline. We have therefore deemed the process to be 'effective'.
Quality and completeness of the draft financial statements	Ineffective			The first version of the draft financial statements published by the Council had significant internal inconsistencies, typographical and arithmetic errors that should have been identified through internal quality review prior to publication.	The Council published a second version of the draft 2024/25 financial statements in July 2025. Whilst these were significantly improved, we have still identified various disclosure errors during the audit.
Delivery of working papers in accordance with agreed client assistance schedule	Requires Improvement			Working papers and requested evidence were often not provided in line with the agreed timeline.	N/A
Quality of working papers and supporting evidence	Requires Improvement			Whilst working papers and supporting evidence were generally of a good standard, there were instances where evidence provided did not satisfy all of the requested audit criteria.	The IFRS 16 leases working paper was of poor quality and had not assessed whether any of the Council's leases were required to be capitalised under the new standard.

Key:

Red: Ineffective. In our judgement, significant improvements are required in the Council's arrangements to support the rebuilding of assurance. Action should be taken to respond immediately.

Amber: Requires Improvement. Matters or issues had an impact on the delivery of the audit and should be addressed in future years.

Green: Effective. There were no significant matters that impacted the timing or effectiveness of audit procedures.

Appendix A – Rebuilding assurance: Responsibilities

Factors impacting the execution of the 2024/25 audit (cont'd)

Area	Status			Explanation	Further detail
	R	A	G		
Timeliness and quality of evidence supporting key accounting estimates	Ineffective			<p>Significant delays were experienced in the provision of supporting evidence from the Council's valuer (WHE) for the valuation of PPE and IP assets. There were also delays in responses from the Council and in sharing our queries with the Council's actuary (Hymans Robertson) in relation to IAS19 Pensions.</p> <p>In addition, we were unable to complete our planned procedures in relation to IFRS 16 leases due to the completeness of leases not being assessed appropriately as outlined above.</p>	The quality of evidence and explanations in relation to the valuation of PPE and IP assets were of a poor quality, resulting in requests for clarification and further evidence. This resulted in delays to the audit.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Requires improvement			<p>The Chief Accountant endeavoured to support the audit to the best of their ability and was generally responsive to audit queries. We did however note that during the period when the Chief Accountant was on leave, responses to queries from the team were slower and this impacted on the completion of the audit. We recognise that, as we reported in the previous year, this is largely due to capacity issues in relation to both the Chief Accountant and the wider finance team, which impacts on their ability to respond to audit requests. Whilst we do not have any concerns in regard to access to the finance team or other key personnel, there are issues in relation to the overall capacity of the finance team to support the delivery of an audit in a timely manner, due to other competing priorities and business critical activities.</p>	We have raised the capacity of the finance team as a Governance recommendation for 2024/25.
Volume and value of identified misstatements	Effective			The value of identified misstatements was below performance materiality.	N/A
Volume of misstatements in disclosure	Requires improvement			We detected various misstatements in disclosure as a result of our performed work.	N/A

Key:

Red: Ineffective. In our judgement, significant improvements are required in the Council's arrangements to support the rebuilding of assurance. Action should be taken to respond immediately.

Amber: Requires Improvement. Matters or issues had an impact on the delivery of the audit and should be addressed in future years.

Green: Effective. There were no significant matters that impacted the timing or effectiveness of audit procedures.

Appendix B - Independence and Fees

The FRC Ethical Standard 2024 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us.
- The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review.
- The overall assessment of threats and safeguards.
- Information about the general policies and process within EY to maintain objectivity and independence.

Final stage

- In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed.
- Details of non-audit/additional services provided and the fees charged in relation thereto.
- Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy.
- Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence (for breaches of the FRC Ethical Standard include details of its significance).
- An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Appendix B - Independence and Fees

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Debbie Hanson, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in your company. Examples include where we have an investment in the Council; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2024 (FRC ES), and we will comply with the policies that you have approved. At the time of writing, there are no non-audit services.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with FRC ES Section 4.

There are no self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Appendix B - Independence and Fees

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

EY Transparency Report

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2025 and can be found here: [EY UK 2025 Transparency Report](#).

Appendix B – Independence and Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our financial statement opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council;
- An effective control environment; and
- Compliance with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular, the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

	Current year 2025/26	Prior Year 2024/25
	£	£
Total Fee – Code Work (Note 2)	£163,073	£158,632
Other (Note 1)	TBC	TBC
Total fees	TBC	TBC

All fees exclude VAT

1. As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC, PSAA has used its fee variation process to determine the final fee the Council have to pay for the 2023/24 audit.
2. The 2024/25 work has recently been completed, and a final fee will be determined shortly. For 2025/26, the planned fee represents the base fee and does not include fees for any extended testing.
3. The scale fee also may be impacted by a range of other factors which will result in additional work, which include but are not limited to:
 - Consideration of correspondence from the public and formal objections;
 - New and revised accounting standards;
 - Non-compliance with law and regulation with an impact on the financial statements;
 - Value for money risks of, or actual, significant weaknesses in arrangements and related reporting impacts;
 - The need to exercise auditor statutory powers;
 - Prior period adjustments; and
 - Modified financial statement opinions.

Appendix C – Prior year recommendations

As part of our annual audit procedures we will follow up the specific open and in progress recommendations reported within our 2024/25 reporting, including those relating to value for money arrangements. The six open recommendations from prior years are outlined below, along with the response from management.

Classification of recommendations

Grade 1: Key risks or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory requirements. Management needs to address and seek resolution urgently.

Grade 2: Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.

Grade 3: Less significant issues or areas for improvement which merit attention but do not require prioritisation by management.

Internal control weaknesses

No.	Finding or risk	Recommendation and grading	Management response / Implementation timeframe
1.	Related parties - We have noted that the Council only obtain annual Declaration of Interest (DOI) forms for Cabinet members and not all Council members. The DOI forms do not include date of birth or addresses, meaning that Companies House searches are not possible.	We therefore recommend that going forward the Council request Declaration of Interests for all Council members. The Declaration of Interests form should also be amended to ask members about any other companies where they are a Senior Officer/Director, as the form currently only asks about Income directly received from Fenland DC. The form should also include details of date of birth and addresses. Grade 2	Management response: A register of interests is maintained and is available on the Council's website. This is reviewed annually and declarations of interest are requested at every Committee meeting. An additional check at year end was carried out by Finance for Cabinet members only and this has now been expanded to include all members. Responsible officer: S151 Officer Implementation timeframe: 2025/26
2.	PPE depreciation - Individual asset useful lives are not included within the Council's Fixed Asset Register. Depreciation is calculated in individual excel spreadsheets whereas depreciation should be automatically calculated within the Fixed Asset Register. This makes it difficult for us to recalculate depreciation on an asset-by-asset basis.	We recommend that going forward the Council adopt asset useful lives within the Fixed Asset Register so that depreciation can be automatically calculated. Grade 3	Management response: The Council will revisit this calculation and make it clearer how the depreciation is calculated and then added to the Fixed Asset Register. Responsible officer: S151 Officer Implementation timeframe: 2025/26

Appendix C – Prior year recommendations

Value for money arrangements

No.	Value for money reporting criteria	Finding and/or risk	Recommendation and grading	Management response
1.	Governance	Whilst working papers and supporting evidence were generally of a good standard, there were instances where evidence provided did not satisfy all of the requested audit criteria, which impacted our ability to complete all our planned procedures. Preparations for Local Government Reorganisation will also result in additional work for the finance team over the coming months.	The Council should review and assess the adequacy of the skills and capacity of the Council's finance team to ensure it is sufficient to support all the Council's business critical activities.	In May 2025, the Chief Accountant of over 40 years retired, and the Council changed the way they worked on the audit. The new Chief Accountant has involved more of the team in the process to help workload and development within the team. This has been successful and as such the finance team are happy with where they now are following this key event. The Chief Accountant and S151 Officer constantly review resources and are looking to develop existing team members through a combination of learning new areas of work and working towards professional qualifications. As S151 Officer I am delighted with the progress of the team and the leading role the Chief Accountant is taking in this exciting process.
2.	Governance	In December 2024, the Audit and Risk Management Committee rejected the recommendation to appoint an independent member to the Committee. Guidance within the CIPFA Position Statement on Audit Committees in Local Authorities and Police 2022, is that 'the audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation. Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise'.	The Council consider the appointment of an independent member to the Audit and Risk Management Committee to ensure the Committee is operating independently and with the correct skill mix in place to support an effective layer of governance.	Two papers have been taken to the Audit & Risk Management Committee regarding an independent member, and this continues to stay on the current workplan. At present, there is no intention to appoint to this position.
3.	Governance	The 2024/25 AGS was published after the 30 June deadline set out in the Audit and Accounts Regulations	The Council should publish the Annual Governance Statement (AGS) by the 30 June 2026.	The Council have acknowledged their responsibility to publish prior to the accounts publication deadline and will ensure this requirement is met in future years.

Appendix C – Prior year recommendations

Value for money arrangements (cont'd)

No.	Value for money reporting criteria	Finding and/or risk	Recommendation and grading	Management response
4.	Governance	There are 29 agreed actions from Internal Audit reports that are overdue from 2023/24, including one high-risk action, and two further overdue actions from 2021/22, which also include a high-risk action. This is a significant number of outstanding actions and also indicates potential issues with the capacity of the finance team as well as in the Council more widely.	The Council should ensure actions is taken to progress the recommended actions in Internal Audit reports on a timely basis.	Regular updates are taken to the Audit & Risk Management Committee and are shared internally on a regular basis with CMT and management team colleagues. It is agreed that this should be considered further and we will take action to ensure further progress is made.

Appendix D – Regulatory update

Key regulatory changes

There are a number of key regulatory developments underway relating to local authority governance and the audit of the Council’s financial statements. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures	Impact on Fenland District Council
English Devolution and Community Empowerment Bill	<p>The Bill has completed all scrutiny stages in the House of Commons and is now at Committee stage (Grand Committee) in the House of Lords. The following measures therefore remain proposals until Royal Assent is granted:</p> <ul style="list-style-type: none"> ▪ Local audit system reforms: The Bill includes provisions to reform elements of the local audit framework in England alongside support measures intended to address the audit backlog. The Bill will also enable changes to the way audit oversight and local audit responsibilities operate. Section 61 of the Bill provides for the establishment of the Local Audit Office (LAO). Legislation will set out that the main objective of the LAO is to secure the effective operation of the system of audit, with a view to meeting the needs of users of audited accounts. The LAO will appoint auditors to non-NHS bodies, determine audit fees and prepare one or more Code of Audit Practice. ▪ Combined authorities and Combined County Authorities: The Bill expands powers and functions of combined authorities and places combined county authorities on a clearer statutory footing. This will allow further transfer of functions from constituent councils. ▪ Devolution of functions to “Strategic Authorities”: The Bill expands the category of Strategic Authorities and allows transfer of responsibilities from central government and councils. ▪ Local Government Reorganisation: The Bill supports changes to council structures to support devolution. 	<ul style="list-style-type: none"> ▪ Local audit system reforms may result in changes to audit timescales or responsibilities and there may therefore be transition risks in future years. ▪ The Bill provides that the Council must have an audit committee, and that at least one member of the committee be an independent person.

Appendix D – Regulatory update

Key regulatory changes (cont'd)

Name	Summary of key measures	Impact on Fenland District Council
Public Office (Accountability) Bill	<p>The Public Office (Accountability) Bill aims to impose a duty on public authorities and public officials to “at all times act with candour, transparency and frankness in their dealings with inquiries and investigations.” Breach of the duty would be a criminal liability.</p> <p>The Bill is expected to apply not only to both core public bodies delivering public services but also private bodies delivering public functions such as those on a government contract.</p> <p>The Bill also proposes:</p> <ul style="list-style-type: none"> ▪ A new statutory duty on public authorities to promote and take steps to maintain high standards of ethical conduct, as defined by the Seven Principles of Public Life, or “Nolan Principles”; ▪ Reforms that will make it easier to prosecute misconduct in public office; and ▪ An offence of misleading the public. 	<ul style="list-style-type: none"> ▪ While the Bill continues to make its way through the House of Commons Committee processes, the Council should ensure that training and support for Councillors is enhanced to take account of greater expectations in relation to local government standards.
Fair Funding Review	<p>On 20 November 2025, the government announced a multi-year Local Government Finance Settlement in a decade, together with the Fair Funding Review. Key measures include:</p> <ul style="list-style-type: none"> ▪ There will be a single settlement for 2026/27 to 2028/29; ▪ The government plans to use up to date English Indices of Multiple Deprivation, together with up-to-date services cost and demand data to calculate individual council allocations for 2026/27 to 2028/29; and ▪ The Children and Young People’s Services formula will use the latest index of deprivation affecting children. <p>The new indices are expected to lead to greater transparency and a reduced reliance on competitive bidding for funds. The Government also announced it will simplify 33 funding streams, worth almost £47 billion over three years.</p>	<p>Using new indices will result in some Councils seeing increases in their allocations, whilst others see decreases. The government has, however, set out transitional arrangements to help with managing change:</p> <ul style="list-style-type: none"> ▪ A Recovery Grant funding guarantee to upper tier authorities in receipt of Recovery Grant; ▪ Funding floors and phasing in of new allocations across the multi-year settlement; and ▪ Additional money in the national settlement for children’s social care and a new ring-fenced combined Homelessness, Rough Sleeping and Domestic Abuse grant over three years.

Appendix D – Regulatory update

National Audit Office reporting

There are a number of key publications from the National Audit Office that have an impact on the Council. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key messages	Impact on Fenland District Council
Local government finance report 2026 to 2027	<p>The 2026-27 Local Government Finance Report introduces a multi-year settlement covering 2026/27 to 2028/29 and implements the Fair Funding Review 2.0. Updated distribution formulas will reallocate resources between councils, reflecting more recent demographic and deprivation data.</p> <p>The report confirms the continuation of council tax referendum principles and introduces significant changes to Special Educational Needs and Disabilities (SEND) funding, including the extension of the statutory override for DSG deficits to 2027/28 and a government-funded write-off of approximately 90% of historical DSG deficits. These policy changes represent one of the most substantial re-baselining exercises in recent years.</p>	<ul style="list-style-type: none"> ▪ Councils must re-model their Medium-Term Financial Plans (MTFPs) to account for formula redistribution effects and redesigned SEND funding arrangements. The ongoing restrictions on council tax increases will continue to limit local financial flexibility. For many authorities, particularly those with substantial DSG deficits, the reforms will have material implications for reserves management and financial stability.
Exceptional Financial Support for local authorities for 2025-26	<p>Exceptional Financial Support (EFS) remains a mechanism for Council's facing acute short-term financial pressures.</p> <p>For 2025-26, thirty authorities received in-principal approval for EFS, allowing them to treat certain revenue costs as capital expenditure through capitalisation directions. The government has removed the additional 1% borrowing premium previously applied and has imposed conditions including enhanced assurance reviews and restrictions on community-asset disposals.</p> <p>The NAO notes that, although EFS can prevent immediate failure, it shifts the burden to future years through increased borrowing.</p>	<ul style="list-style-type: none"> ▪ For the sector, the continuation of EFS signals sustained financial fragility. Authorities using EFS must demonstrate credible, independently-scrutinised recovery and savings plans, along with significant improvements in governance, financial management, and internal controls. ▪ Councils should expect intensive oversight and stringent follow-up from central government when accessing this mechanism.
Local audit reform: Government response to the consultation to overhaul local audit in England	<p>The government response sets out a comprehensive overhaul of the local audit system in England. Central to the reforms is the creation of the Local Audit Office (LAO), which will assume responsibility for appointing auditors, preparing Codes of Audit Practice, enforcing quality standards, and overseeing audit delivery.</p> <p>A phased transition plan will move existing responsibilities from Public Sector Audit Appointments (PSAA) and other bodies to the NAO between 2026 and 2027, with the aim of stabilising the system, addressing audit backlogs, and restoring confidence in the timeliness and quality of local audit.</p>	<ul style="list-style-type: none"> ▪ For Councils, the reforms will lead to more prescriptive expectations around audit readiness, governance, documentation quality, and responsiveness. Authorities should anticipate tighter reporting deadlines and increased scrutiny of working papers, internal controls, and VFM arrangements.

Appendix D – Regulatory update

National Audit Office reporting (cont'd)

Name	Summary of key messages	Impact on Fenland District Council
Local Government Financial Sustainability	<p>The National Audit Office most recently reported on the context of local government finances in February 2024, which included their consideration of service and financial pressures. They concluded that although total local government funding has risen modestly in recent years, it has not kept pace with population growth, rising service demand, or the increasing complexity and cost of supporting people with high needs. Real-terms funding per person fell between 2015/16 and 2023/24, while demand for essential services such as adult social care, children’s social care, SEND provision and homelessness continued to escalate. The NAO highlights growing evidence of strain across services, including delays in Education, Health and Care Plans and a sharp rise in families housed in temporary accommodation for longer than legally permitted. Repeated delays to long-promised funding reforms mean councils continue to rely on short-term, stop-gap measures. Exceptional Financial Support has become increasingly common, but while it prevents immediate failure, it also shifts financial risk into future years, reflecting underlying structural weaknesses in the local government finance system.</p>	<ul style="list-style-type: none"> ▪ The report signals deepening financial fragility across the sector, with many councils facing heightened risk of issuing Section 114 notices unless systemic pressures are addressed. Rising demand and cost escalation in statutory services are absorbing an ever-greater share of local authority budgets, reducing the capacity to invest in preventative activity and long-term service improvement. The NAO warns that widespread reliance on temporary fixes—including Exceptional Financial Support—creates additional future liabilities and limits councils’ ability to plan sustainably. Without coordinated, cross-government reform of funding, accountability and service oversight frameworks, councils will remain locked in reactive financial management, with growing consequences for service quality, citizen outcomes and long-term financial resilience.
Unlocking land for housing	<p>The National Audit Office reported in February 2026 that the government aims to deliver 1.5 million new homes by July 2029. To support this ambition, various land-unlocking programmes have been introduced to address constraints such as inadequate infrastructure, land assembly challenges, and site viability issues. Since 2016, £10.5 billion has been allocated across 768 projects, with £8.4 billion committed and £5.7 billion spent.</p> <p>Although these programmes collectively predict enabling around 713,000 homes, the NAO highlights that only a small proportion—around 33,300 homes—can currently be evidenced as completed, pointing to gaps in monitoring and programme assurance. Additionally, the creation of the National Housing Delivery Fund and a new National Housing Bank from April 2026 signals a shift toward a more consolidated and strategic funding model.</p>	<ul style="list-style-type: none"> ▪ The sector will experience increased expectations to produce detailed and evidence-based infrastructure planning to secure funding from the new mechanisms. Councils will be required to strengthen the robustness of business cases, improve monitoring of actual housing delivery, and anticipate tighter central-government scrutiny of riskier or larger projects. The shift to a single-gateway funding structure will also compel Councils to maintain well-developed pipelines to access multi-year support.

Appendix E – Required communications with the Audit and Risk Management Committee

We have detailed the communications that we must provide to the Audit and Risk Management Committee.

		Our Reporting to you
Required communications	What is reported?	When and where?
Terms of engagement	Confirmation by the Audit and Risk Management Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▪ The planned scope and timing of the audit ▪ The planned use of internal audit ▪ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	Audit planning report - April 2026 - Audit and Risk Management Committee
Significant findings from the audit	<ul style="list-style-type: none"> ▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▪ Significant difficulties, if any, encountered during the audit ▪ Other significant matters, if any, arising from the audit that were discussed, or subject to correspondence with management ▪ Circumstances that affect the form and content of our auditor's report ▪ Other matters if any, significant to the oversight of the financial reporting process 	Audit results report - TBC - Audit and Risk Management Committee

Appendix E – Required communications with the Audit and Risk Management Committee

Required communications	What is reported?	Our Reporting to you
		When and where?
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▪ Whether the events or conditions constitute a material uncertainty related to going concern ▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▪ The appropriateness of related disclosures in the financial statements 	Audit results report - TBC - Audit and Risk Management Committee
Misstatements	<ul style="list-style-type: none"> ▪ A request that any uncorrected misstatement be corrected ▪ Material misstatements corrected by management ▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▪ The effect of uncorrected misstatements related to prior periods 	Audit results report - TBC - Audit and Risk Management Committee
Fraud	<ul style="list-style-type: none"> ▪ Enquiries of the Audit and Risk Management Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▪ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▪ Unless all of those charged with governance are involved in managing the entity, unless prohibited by law or regulation any identified or suspected fraud involving: <ul style="list-style-type: none"> ▪ Management; ▪ Employees who have significant roles in internal control; or ▪ Others, when the identified or suspected fraud is other than clearly inconsequential. ▪ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▪ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▪ Any other matters related to fraud, relevant to Audit and Risk Management Committee responsibility 	Audit results report - TBC - Audit and Risk Management Committee

Appendix E – Required communications with the Audit and Risk Management Committee

		Our Reporting to you
Required communications	What is reported?	When and where?
Related parties	Significant matters arising during the audit in connection with the entity's related parties	Audit results report - TBC - Audit and Risk Management Committee
Independence	<p>Communication of the relevant ethical requirements, including those related to independence, that we apply for the audit engagement, including any independence requirements specific to audits of financial statements of the entity</p> <p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▪ The principal threats ▪ Safeguards adopted and their effectiveness ▪ An overall assessment of threats and safeguards ▪ Information about the general policies and process within the firm to maintain objectivity and independence ▪ Breaches of IESBA Code of Ethics, local independence regulations or professional standards (for breaches of the FRC Ethical Standard, include details of the breach and its significance) <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place</p> <p>Communication of relevant information to those charged with governance, to enable them to provide concurrence on the non-audit services being provided</p>	<p>Audit planning report - April 2026 - Audit and Risk Management Committee</p> <p>Audit results report - TBC - Audit and Risk Management Committee</p>

Appendix E – Required communications with the Audit and Risk Management Committee

		Our Reporting to you
Required communications	What is reported?	When and where?
External confirmations	<ul style="list-style-type: none"> ▪ Management's refusal for us to request confirmations ▪ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report - TBC - Audit and Risk Management Committee
Consideration of laws and regulations	<ul style="list-style-type: none"> ▪ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▪ Enquiry of the Audit and Risk Management Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Risk Management Committee may be aware of 	Audit results report - TBC - Audit and Risk Management Committee
Internal controls	<ul style="list-style-type: none"> ▪ Significant deficiencies in internal controls identified during the audit ▪ Significant deficiencies identified in the council's system of internal control 	Audit results report - TBC - Audit and Risk Management Committee
Representations	Written representations we are requesting from management and those charged with governance	Audit results report - TBC - Audit and Risk Management Committee
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit results report - TBC - Audit and Risk Management Committee
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report - TBC - Audit and Risk Management Committee
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	<p>Audit results report - TBC - Audit and Risk Management Committee</p> <p>Auditor's annual report - TBC - Audit and Risk Management Committee</p>

Appendix F – Additional audit information

Objective of our audit

In addition to the key areas of audit focus outlined within the plan, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Other required procedures during the course of the audit

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Audit and Risk Management Committee reporting appropriately addresses matters communicated by us to the Audit and Risk Management Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- Maintaining auditor independence.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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Agenda Item No:	7	
Committee:	Audit and Risk Management	
Date:	11 May 2026	
Report Title:	Draft Annual Governance Statement 2025/26	

1 Purpose / Summary

- 1.1 Regulation 6(1) of the Accounts and Audit Regulations 2015, requires the Council to conduct an annual review of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS). The CIPFA Finance Advisory Network has issued detailed practical guidance for meeting the requirements of the Accounts and Audit Regulations.

2 Key issues

- 2.1 The Accounts and Audit Regulations have been updated to bring them closer to corporate governance requirements in the private sector, and elsewhere in the public sector. Within the regulations, there is still a requirement to produce an AGS which should be approved in advance of the statement of accounts. The AGS should be prepared in accordance with proper practices, which reflects the approach already adopted by this Council.
- 2.2 The regulations require the AGS to be approved in advance of the Authority approving the statement of accounts. The deadline for publication of the accounts is 30th June and as the Head of Internal Audit annual report and opinion is not presented to the Committee until July, a preliminary conclusion has been replied upon for this draft AGS, which will be updated in the final version.
- 2.3 The principles of good governance contained within the CIPFA Guidance on Delivering Good Governance (2016 Edition) and the 2025 Addendum update have been reflected in the AGS. The addendum, covering the annual review of governance and the AGS, was published in May 2025 and states that “authorities should ensure that the AGS for 25/26 complies with this guidance and are encouraged to consider it for 24/25”. The 2016 guidance outlines the following seven principles for achieving good governance and remain unchanged in the 2025 update:
- Behaving with integrity, demonstrating a strong commitment to ethical values and respecting the rule of law
 - Ensuring openness and comprehensive stakeholder engagement
 - Defining outcomes in terms of sustainable economic, social and environmental benefits;
 - Determining the interventions necessary to achieve the intended outcomes
 - Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
 - Managing risks and performance through robust internal control and strong public financial management

- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

- 2.4 The Audit and Risk Management Committee approved an updated Local Code of Governance for the Council based around the current seven principles of good governance at the committee meeting on 28th July 2025. This sets out the Policy within which a framework for governance of the Council is monitored.
- 2.5 Each year a statement is produced which assesses compliance of the Council’s actual governance arrangements with the themes within the Local Code of Governance. This statement is commonly referred to as the Annual Governance Statement, which itself includes “Governance Issues” arising in the year to which it refers and an action plan to address those issues.
- 2.6 An AGS has been produced for the year 2025/26, which summarises the position for the year in respect of governance and internal control, and again highlights any “Governance Issues” and improvements for the forthcoming year.
- 2.7 The statement is signed by the Chief Executive and Leader of the Council as further assurance of the standard of governance that has been achieved by the Council. The Statement must accompany the Council’s financial statements.

3 Recommendations

The Committee considers the content of the Draft AGS and approves its content for inclusion in the Council’s published Statement of Accounts 2025/26 which is due for publication by the 30th June 2026.

Where any amendments are made, a final version of the AGS will be circulated to committee for comment. Delegated authority to approve any amendments is sought by Committee to be given to the Chair.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	N/A
Report Originator(s)	Peter Catchpole – Corporate Director & Chief Finance Officer Deborah Moss – Head of Internal Audit
Contact Officer(s)	Peter Catchpole – Corporate Director & Chief Finance Officer Deborah Moss – Head of Internal Audit
Background Paper(s)	CIPFA Delivering Good Governance in Local Government CIPFA Addendum to Good Governance in Local Government CIPFA Code of Practice for Internal Audit Accounts and Audit Regulations 2015 FDC Local Code of Governance



DRAFT Annual Governance Statement

For the year 2025/26

Executive summary

Our overall opinion, after conducting a review of the governance arrangements across the Council and overall compliance with the Council's Local Code of Governance, is that we are satisfied that the governance arrangements in place are fit for purpose as they are operating effectively and support the achievement of our corporate objectives.

The governance arrangements were fit for purpose during the year 2025/26, and we are committed to ensuring that governance will be maintained as fit for purpose in the future by in-year governance monitoring and improvement, and an annual effectiveness review.

This statement details how we carried out an annual effectiveness review of our governance arrangements that we have in place. This review has assured us that we are acting in alignment with the seven principles of good governance and covers all the core governance areas.

FDC shall continue to introduce changes and action improvements to our governance to support the achievement of our aims and objectives in the best way. This statement highlights the governance improvements introduced this year and looking forward those areas where further improvements will be considered in the forthcoming year.

Responsibility and Commitment

Fenland District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and provides value for money. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty

has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's austerity programme.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which include the arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

The Council has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework – *Delivering Good Governance in Local Government*. It has a Local Code of Corporate Governance, which is aligned to these seven principles of good governance and demonstrates the governance arrangements it has in place.

The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Amendment) Regulations 2021, require the council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement (AGS). It is subject to review and approval by the Audit & Risk Management Committee when they consider both the draft and final Statement of Accounts.

What is Governance?

Governance generally refers to the arrangements put in place to ensure that the intended outcomes are defined and achieved. Our Local Code of Governance (2025) sets out how aim to achieve these good standards of governance by:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E. Developing its capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

[Link to our Local Code of Governance](#)

Our Assessment of Effectiveness

FDC has responsibility for conducting, at least annually, a review of the effectiveness of its governance arrangements. The review of effectiveness is informed by the work of the CMT and Management within the authority who have responsibility for the development and maintenance of the governance environment; the Head of Internal Audit's annual report and annual opinion; and by comments made by the External Auditors and other external review agencies and inspectorates.

In 2024/25 we introduced governance assurance questionnaires, signed off by senior management declarations, whereby Services state their compliance or otherwise with key basic governance requirements, for example completion of mandatory training by their staff. These have allowed us to identify areas where governance may appear weaker or can be improved upon. These were completed again for 2025/26 to provide knowledge and assurance as to the governance position within Services across the Council and to highlight whether governance has improved or declined in any areas or within any Services, allowing us to investigate any underlying reasons for any issues.

Our governance arrangements are detailed in our Local Code of Governance and have been applied in maintaining and reviewing the effectiveness of the system of internal control over the last twelve months.

Last year, preparation of the new updated Local Code allowed us to examine the arrangements we have in place and provide assurance that each of the core arrangements in the Code is operating effectively. This year we have considered the Code to ensure it is still up to date and the arrangements to ensure that they are still in place and operating as expected.

The review concluded that governance arrangements are in place and operating effectively, which in turn supports the delivery of each of the principles of good governance.

Corporate Governance Group (CGG)

The Council's CGG holds regular meetings of the key senior officers within the Council tasked with governance roles. The Group has a terms of reference and any governance issues can be brought to the attention of the Group for discussion and decision on action to be taken. The governance improvements completed and the action plan for next year are taken from the work of the Group throughout the year.

Our Assurances

Assurance required on	Sources of governance	Assurances Received
<ul style="list-style-type: none"> • Delivery of Business Plan priorities • Services are delivered economically, efficiently & effectively • Management of risk • Financial planning and performance • Effectiveness of internal controls • Community engagement & public accountability • Procurement processes • Project management & project delivery • Partnership governance • Roles & responsibilities of Members & Officers • Standards of conduct & behaviour • Training and development of Members & Officers • Compliance with laws & regulations • Compliance with internal policies & procedures • Cyber Security • Contract Management 	<ul style="list-style-type: none"> • Constitution (incl. statutory officers, scheme of delegation, financial management and procurement rules) • Corporate and service plans • Council, Cabinet, Committees and Panels • Risk management framework • Policy framework • Project Management methodology • Financial Performance Monitoring • Customer Service Strategy • Consultation and Engagement Strategy • Complaints' system • Head of Paid Service, Monitoring Officer and S.151 Officer • Code of Procurement • Code of Financial Mgt • HR policies & procedures • Whistleblowing & other counter fraud arrangements • Staff and Member training • Codes of Conduct • Corporate Management Team • Corporate & Service KPIs and regular monitoring outputs • Monitoring of economic indicators & associated financial receipts • Effective joint working arrangements • Corporate Governance Group • Projects Group • Risk Group • Internal Audit • External Audit 	<ul style="list-style-type: none"> • Regular performance reporting • Regular financial reporting • Annual financial report • External audit reports and opinions • Internal audit reports and opinions • Officer management groups • On-going review of governance • Customer satisfaction survey • Community consultations • Council's democratic arrangements including scrutiny reviews and the audit committee • Committee annual report • Staff pulse surveys • External legal advice • Consultants' reports • Services' reports and self-assessments • Corporate Governance Group work • Mandatory training compliance reports • Health & Safety services assessment programme • annual audit of officer delegations (Environmental Health) • Transformation Programme to review operations incl governance and efficiency. • External reviews and inspectorate reports: <ul style="list-style-type: none"> ○ Cyber Essentials Plus ○ PSN Code of Connection ○ Food Safety verification – FSA ○ Local Government & Social Care Ombudsman Annual Review Letter (<i>awaited 25.26</i>) ○ Gold accreditation - Domestic Abuse ○ HSE/ BSR Inspection report on CNC Building Control ○ Designated Persons Report and Audit Report ○ Ports & Marine Facilities Safety Code Health Check Report ○ International Ships and Port Security (ISPS) - Port of Wisbech Audit Report.

Statements from the Statutory Officers:

The following statements have been made by the Council's three statutory officers in respect of their views and commitment to our governance arrangements:

Chief Executive Officer/Head of Paid Service – Paul Medd

Purpose of assurance: Confirms organisational capacity, governance arrangements, and overall compliance with statutory duties.

As Head of Paid Service, I am satisfied that the Authority has appropriate management structures, staffing arrangements, and governance systems in place to deliver its statutory functions effectively. I confirm that policies and operational arrangements have been implemented to ensure services are delivered economically, efficiently, and effectively, in line with our Best Value duty.

Monitoring Officer (Legal and Governance) – Carol Pilson

Purpose of assurance: Confirms legality, ethical governance, constitutional compliance, and the handling of governance or standards issues.

As Monitoring Officer, I am satisfied that the Authority has effective arrangements to ensure compliance with all relevant laws, regulations and its Constitution. I am not aware of any unlawful decisions or maladministration during the year that would require reporting. The Authority continues to uphold high standards of conduct, supported by appropriate policies, training, and reporting mechanisms.

S.151 Officer (Chief Financial Officer) – Peter Catchpole

Purpose of assurance: Confirms financial governance, internal control, financial resilience, and compliance with statutory financial duties.

As the Section 151 Officer, I am satisfied that the Authority maintains robust financial management arrangements, including effective internal controls, accurate and reliable reporting, and adherence to CIPFA's financial management standards. Based on the available evidence, the Council's financial affairs are being properly administered and public money is safeguarded.

Head of Internal Audit Opinion

The Head of Internal Audit provides an independent opinion on the overall adequacy of the effectiveness of the Council's governance, risk and control. The Internal Audit Annual Report for 2025/26 is due to be presented to the Audit & Risk Management Committee in July 2026 and, therefore, a *preliminary conclusion* is included in this draft statement. From the audit reviews undertaken, no areas were identified where it was considered that, if the risks highlighted materialised, would have a major impact on the organisation. In each instance where it has been identified that the control environment was not strong enough or was not complied with sufficiently to prevent risks to the organisation, audit actions have been agreed to further improve the system of internal control and compliance. The implementation of these actions is followed up by Internal Audit and is reported to the audit committee (ARMC).

It is the preliminary conclusion of the Head of Internal Audit that, based upon the work undertaken and knowledge of working arrangements, reasonable assurance can be given over the adequacy and effectiveness of the Council's overall control, risk and governance arrangements during the financial year 2025/26. Identified weaknesses are not significant and are being addressed through agreed management actions.

External Audit Opinion

Our external auditors issued a disclaimed audit report on the Council's financial statements for 2024/25. Due to the disclaimer of opinion on previous years, the auditors did not have assurance over some brought forward balances nor the 2024/25 in-year movements and the comparative prior year movements, essentially a continuing impact into the next year.

"Taken together with the requirement to conclude our work by the 2024/25 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing a disclaimed 2024/25 audit opinion."

Notwithstanding their disclaimer of opinion, they reported no exceptions or governance issues.

Their final report gave two recommendations which are included as actions in the table below as governance improvements for the year ahead.

Audit & Risk Management Committee (our 'Audit Committee')

The Committee met four times throughout the year. It had an agreed work programme linked to its meeting agendas to ensure that all required areas were covered, and additional ad hoc areas could be added.

A self-assessment of Committee was undertaken in the summer of 2025 to review the effectiveness of Committee and outcomes were recorded in the Committee's Annual Report, which was taken to Full Council.

Improving our governance

Governance Issues 2025/26

The following areas have been found as weaknesses in our governance and will form part of a review for the forthcoming year and an action plan put in place where necessary:

Assess and strengthen our position with regards to ECCTA and failure to prevent fraud offence.	Whilst we have considered our existing anti-fraud measures, there is room for improvement to gain assurance and further strengthen arrangements and awareness. Actions are included in the Action Plan for the year.
An internal audit recommended cyber security actions to increase our cyber protection.	Cyber security improvements agreed to be implemented, in terms of reporting; auto-forwarding of emails; and awareness of the user acceptance policy.
Some red/high risk audit actions have been agreed following audits during the year	These red/high risk action relate to: Streetlighting, Supplier amendments, and concessionary travel provision. They have been agreed for implementation by management and will be monitored by IA and audit committee.
External audit issues	Recommendations: <ul style="list-style-type: none"> • Anti-Fraud & Corruption Policy to include reference to the new 'failure to prevent fraud' offence • a change to the Fixed Asset Register so that depreciation Impact can be automatically calculated • merger of council bank accounts to clear up cash reporting.
SARS guidance	Identified that there is a need for further SARS guidance for Services to use. (Linked to deleted files and data cleanse.)
Untaken annual leave liability	The number of carry forward days/hours of annual leave is unacceptable high and risks either financial liability or unwanted loss of productive days.

How we have improved our governance arrangements in 2025/26 *

Update on governance issues identified in last AGS (2024/25):

The Council was late publishing its draft Statement of Accounts.	This was due to resource, delays in the previous year's preparation of accounts and the need to focus on other priority issues. The governance impact was noted to be failure to improve the Council's processes to report financial information on a timely basis will impact its ability to meet statutory reporting deadlines and requirements of Regulations 2024.
Identification of corporate mandatory training - Governance around mandatory training needed a more robust process to ensure requirements are identified and tracked through to completion.	This was already part-resolved by implementation of a new online training system. Mandatory training requests have been issued, and regular completion monitoring is reported to Management Team. Some Services have achieved full completion rates, and others are still due to complete.....this is an issue that is taken forward for further action and has been reported to the audit committee. Different completion initiatives are being looked at, such as monthly theming or enforced diary time for mandatory training.
Performance Indicators reporting mechanisms	An Internal Audit suggested areas within the process that needed to be more robust. Some individual PI results mechanisms were weak, risking inaccurate data/results. Agreed actions will be put into place in 2025/26. A follow up audit found that further work is still to be carried out in the coming year.

New Arrangement	Governance Improvement Achieved
New Corporate Debt Policies and Guidance	These new policies strengthen our internal processes for the management and handling of debts.
Audit Actions Tracker	The Tracker allows action owners and senior directors to 'self-serve' and have visibility over actions, due dates and progress status. The aim of this is to improve implementation of actions and allows for greater responsibility and accountability over ensuring actions are implemented. Data is provided to the audit committee at every meeting to provide transparency and challenge (as per the audit standards).
Assurance Mapping	to assist with strengthening the governance framework. It aims to ensure that the Council can demonstrate adequate assurance over the year to complement the assurance work conducted by Internal Audit.
Re-assess roles, responsibilities and resource requirements for financial reporting	FDC now has three accountants, one of whom has recently taken over this task of financial reporting to ensure it is brought up to date.

	The Finance Team restructure is due to go to CMT by end April 2026 and then go through the normal governance process.
Local Decisions procedure review	We have issued renewed available procurement guidance reminding colleagues about the types of decision record the need in different scenarios. Guidance has been published on taking an executive decision which is also a process map for people taking executive decisions. There are departmental delegations in place for day-to-day business as usual decisions and a process in place for the events committee. All other committees are governed by the usual rules.
A new Corporate Equality, Diversity & Inclusion Policy	To promote fairness, diversity across our operations. From a governance perspective it can introduce benefits of strengthened ethical leadership and stronger organisational culture, enhanced risk management and better compliance and reporting.
Verification of supplier amendments	The robustness of our verification checks over supplier amendment requests has been strengthened and better supporting evidence maintained.
Modern Day Slavery (MDS) revisit	Our MDS Statement has been reviewed and strengthened, geared towards procurement and our own supply chains. Staff were provided with an awareness and education session on MDS from the County Council.
Reporting waivers/exemptions to Code of Procurement	Waivers to our Code of Procurement will now be reported to audit committee for transparency and to allow for scrutiny/challenge. This is planned to commence for all exceptions and waivers from April 2026 and will be a standing item on each Audit & Risk Management Committee agenda (from July 2026).
Reconsideration of an Independent Member on our audit committee	At the recommendation of external audit, reconsideration was given to having an independent member on the audit committee, although it was decided against.
Improvements to Declarations of Interests procedures	Revised Code of Practice (Outside Interests) is now in place and the centralised register of interests is reviewed and updated annually.
Enforced use of purchase orders	PO usage enhances financial management and commitment accounting. A corporate instruction has been issued to all services regarding the use of purchase orders to make our procurement and budgeting processes more robust. A review is planned to evaluate the compliance once it has been in place for x months.
Telematics in fleet vehicles	This allows us to be clearer about compliance with HMRC laws and to take steps to rectify non-compliances.

Speed management and monitoring for council vehicles	As a by-product of our telematics in council vehicles, we have been able to monitor speed compliance and take steps to rectify any non-compliance issues.
New Driving at Work Policy	To complement the above, our new updated Driving at Work Policy sets out the rules of conduct expected whilst driving on council business and how these will be monitored and managed. Currently under consultation, it will be introduced once governance processes are complete. The updated policy also provides a high-level approval route for any allocated fleet vehicles.
Data Classification introduced	A comprehensive Microsoft solution has been introduced that can help us to govern, protect, and manage data, wherever it is stored. It provides us with a powerful platform for governing and securing data across our entire data estate. Purview combines data governance solutions and Microsoft 365 compliance solutions and services together into a unified platform to help: <ul style="list-style-type: none"> • Gain visibility into data across the authority • Safeguard and manage sensitive data across its lifecycle • Govern data seamlessly in new, comprehensive ways • Manage critical data risks and regulatory requirements.
Management Development Programme	This programme has been put in place to upskill our managers to ensure they are both well-trained to do their roles effectively and to carry them forward to roles within LGR and beyond.
LGR risk register in place	In preparation and readiness for LGR, a separate LGR risk register has been created for management of LGR associated risks. This is discussed at senior management meetings.
LGR Project Management	Local service-level LGR working groups (in collaboration with partner councils) have been established to better plan for operations both before and after the vesting date. A RACI matrix has been created of the known tasks that need to be completed in readiness for LGR. This tool maps the roles and responsibilities to the tasks, to ensure there is clarity over ownership and progress and to avoid bottlenecks within the overall programme.

* Some of the improvements listed extend beyond the year covered by the AGS.

Our progress on the governance improvements planned for 2025/26 –

completed actions have been added to the list of improvements above, leaving those in progress or outstanding to be carried forward to the action plan for next year.

Action Planned	Status carried forward
To continue working on Assurance Mapping to assist with strengthening the governance framework. It aims to ensure that the Council can demonstrate adequate assurance over the year to complement the assurance work conducted by Internal Audit.	To continue being progressed – carried forward
Follow up of weaknesses and ‘opportunities to be stronger’ identified through the best value checklist review.	Not actioned – due to LGR this will no longer be actioned as a distinct piece of work

Forward look on governance improvements for 2026/27

The following have been identified as areas of further improvement to strengthen the Council’s governance framework and future work plans.

	In addition to those actions above that are still in progress and carried forward from last year:
1	Additions to our Anti-Fraud & Corruption Policy to include reference to Economic Crime Corporate Transparency Act and the new offence of ‘failure to prevent fraud’ to bring about awareness to the new offence and strengthen our anti-fraud culture.
2	To review against the new Home Office guidance to provide assurance that the anti-fraud management and measures we have in place are both sufficient and adequate against the ‘failure to prevent fraud’.
3	In terms of ECCTA and the new offence of ‘failure to prevent fraud’, relevant staff will be assigned further mandatory training for awareness purposes including corporate fraud liability courses for senior management.
4	Continue progression with our Assurance Mapping .
5	Review and update of the Corporate Document Retention Policy and review our compliance with it. Preparedness for LGR.
6	Completion of the Information Asset Register to record all our information held, traffic flows, sharing agreements, and retention information. Preparedness for LGR.
7	Review of our completeness of land and buildings ownership to ensure we have documentation evidencing ownership. This is in preparedness for becoming a Unitary in 2028. An Internal Audit is planned to provide assurance.

8	Internal Audit to continue to self-assess on its conformance with the new Global Internal Audit Standards (GIAS).
9	Declaration of Interests for all Council Members. The Declaration of Interests form to be amended to ask members about any other companies where they are a Senior Officer / Director, as the form currently only asks about Income directly received from Fenland DC. This form should also include data on date of birth and addresses.
10	Council to adopt asset useful lives within the Fixed Asset Register so that depreciation Impact can be automatically calculated.
11	Last year the Council did have three banks accounts that netted to one which made the procedure difficult. The Council intends to implement the external audit recommendation to merge these accounts into one to clear up their cash reporting.
12	To implement and monitor a strategy to reduce the outstanding annual leave liability across the Council.
13	Job descriptions to be reviewed and confirmed as up to date in preparedness for LGR planning work.
14	Preparedness work for compliance with the new Employment Rights Act 2025 (review of HR policies, manager training, stronger documentation and audit trails, etc).
15	Cyber security - In the process of looking at ways in which we can ensure that cyber security threats are appropriately managed whilst also ensuring that members and officers are able to access the information they require to be able to fulfil their roles.

Opinion

After conducting a review of the governance arrangements across the Council and overall compliance with the Council's Local Code of Governance, we are satisfied that the arrangements are effective. We propose over the coming year to take steps to address governance matters to improve our governance arrangements. We are satisfied that these steps will address the need for improvements in our review of effectiveness and will monitor implementation and operation as part of our next annual review.

We are also satisfied that this statement allows the Council to meet the requirements of the Accounts & Audit (England) Regulations 2015, to prepare an Annual Governance Statement (AGS) to accompany the 2025/26 Statement of Accounts.


Certification

As Leader of the Council and Chief Executive, we have been advised on the implications of the results of the review of effectiveness of the Council's governance framework, by the Audit Committee and Cabinet.

Our overall assessment is that the AGS is a balanced reflection of the governance environment and that an adequate framework exists within Fenland District Council to ensure effective internal control is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operations as part of our next annual review.

Signature		Signature	
	Cllr Chris Boden Leader of the Council		Paul Medd Chief Executive
Date	xx May 2026	Date	xx May 2026
On behalf of Fenland District Council			

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Agenda Item No:	8	
Committee:	Audit and Risk Management Committee	
Date:	11 May 2027	
Report Title:	Internal Audit Plan 2025-26 Progress Report	

Purpose / Summary

- To report progress against the Internal Audit Plan 2025/26 and the work undertaken since the last meeting of Committee in February 2026, and the resulting level of assurance from the work.
- To provide tracking information on the implementation of agreed audit actions and further progress and status update on those actions now overdue.

Key issues

- The new Global Internal Audit Standards require the Chief Audit Executive to report to the audit committee on the Internal Audit activity and performance relative to the Plan.
- Proactive quarterly monitoring of the Internal Audit plan will enable the Committee to understand the Internal Audit activity which has successfully taken place and the associated assurance level.
- The Standards require that progress tracking and confirmation is carried out and status reports prepared on the implementation of audit recommendations/ agreed actions.

Recommendations

For Members of Audit and Risk Management Committee to consider and note the activity and performance of the Internal Audit function.

To note the current status of agreed actions and review and challenge overdue high-risk items.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Councillor Chris Boden – Leader and Finance Portfolio Holder
Report Originator(s)	Deborah Moss – Head of Internal Audit
Contact Officer(s)	Peter Catchpole - Corporate Director & s151 Officer pcatchpole@fenland.gov.uk 01354 622201 Deborah Moss – Head of Internal Audit dmosse@fenland.gov.uk
Background Paper(s)	Annual Risk-Based Internal Audit Plan 2025/26 Internal Audit Reports Internal Audit's Agreed Actions Spreadsheet (Tracker)

1 Background / Introduction

- 1.1 This report includes details of the Internal Audit activity undertaken since the last reporting to committee in February 2026 and an overview of the work for the audit year against the Audit Plan.
- 1.3 The Internal Audit Team is currently resourced at 2.1 FTEs which includes the Head of Internal Audit. This last quarter our resources have been reduced due to personal absence by one auditor, which has impacted the number of days to carry out audits.

2 Audit Work Undertaken

- 2.1 On completion of each audit a formal report is issued to the relevant Service Manager and relevant Corporate Director. A copy is also sent to the s.151 Officer. Each report contains a management action plan, with action owners and target implementation dates, that has been agreed with the Service Manager/Head of Service to address any observations and recommendations raised by the Internal Auditor. Progress on these agreed actions is monitored by Internal Audit on a regular basis.
- 2.2 **Audits completed:** The following audits have been undertaken and completed since the last report:
- Anglia Revenues Partnership Enforcement (Final Report)
 - FACT Community Transport (Concessionary Travel Scheme) (Draft Report)
 - NNDR Business Rates (undertaken by ARP) (Final Report)
 - Council Tax, Housing Benefit & Local Council Tax Reduction Scheme (Final Report)
 - Recovery of Housing Benefit Overpayments and Council Tax (Final Report)
 - Corporate Health & Safety (Draft Report)

Appendix A provides further details for each audit including the assurance opinion and a summary of agreed actions.

- 2.3 **Audits in progress:** The following audits are in progress and will be reported to Committee in future progress reports:
- Cemeteries - Testing
 - Overtime - Testing
 - Physical Site Security – Reporting
 - S.106 Agreements - Planning

2.4 Audit Plan changes:

Some of the audit engagements have not been completed in-year and may be carried over into next year.

The Fenland Inspire review may now take the form of joint working with the Transformation Officers to gain assurance over the governance of the projects.

2.5 Overview of progress against the Internal Audit Plan 2025.26

This table provides the status of the audit engagements in the Audit Plan, and the audit assurance opinion for each of the reviews that has been completed.

Internal Audit Plan 25.26 - Progress Overview							
	Audit Title (by corporate priorities)	Risk Rating in IA Plan	Status (RAG rated)	Audit Opinion Given	High priority actions	Medium priority actions	Low priority actions
Key Financial Systems - Fundamentals							
1	Corporate Finance – Main Accounting System	Medium	Final Report	Reasonable	0	5	-
2	Council Tax Billing, Housing Benefits & CT Reduction Scheme	Medium	Final Report	Reasonable	0	5	15
3	CT & HB – Recovery of Overpayments	Medium	Final Report	Reasonable	0	4	2
4	NNDR Business Rates	Medium	Final Report	Reasonable	0	3	5
5	ARP Enforcement	Medium	Final Report	Substantial	0	0	-
Contract							
6	Contract - Streetlights	Medium	Final Report	Reasonable	3	6	-
7	Contract – Grounds Maintenance	Medium	Not started				
Risk-based Audits							
8	Supplier Amendments (Anti-fraud)	High	Final Report	Limited	4	0	-
9	Corporate – Performance Mgt (Follow up)	Medium	Final Report	Reasonable/ Limited			
10	Disabled Facilities Grants verification	Medium	Completed	Reasonable	0	3	-
11	Payroll (Starters, Amendm'ts, Leavers)	High/Med	Final Report	Reasonable	0	13	-
12	Commercial Waste	Medium	Final Report	Reasonable	0	6	-
13	Cyber Security	High	Final Report	Reasonable	0	3	-
14	FACT (Concessionary Travel Scheme)	Medium	Draft Report	Limited			
15	Corporate - H&S	Medium	Draft Report	Reasonable			
16	Cemeteries – Follow up	Medium	Reporting				
17	Overtime	High	Testing				
18	Fenland Inspire Projects	High	Ongoing by involvement				
19	Port Management	High/Med	c/f to 26.27				
20	Temporary Accommodation	Med/High	c/f to 26.27				

2.6 Other audit activities:

- Risk Management Group
- Corporate Governance Group
- Following up outstanding recommendations
- Assurance Mapping of our corporate risks
- Corporate Debt Group
- Governance Assurance questionnaire
- Ad hoc advice to Services
- LGR Workforce Workstream
- NFI annual CT SPD exercise
- NAFN fraud alert work

3. Agreed Actions Monitoring

3.1 Outstanding Audit Issues/Recommendations

Internal Audit continues to monitor the implementation of management’s agreed actions arising from completed audit engagements. This section provides an update on progress, highlights any overdue or high-risk items, and draws attention to matters requiring escalation in line with the Global Internal Audit Standards.

Outstanding and overdue actions are reported regularly to Management Team. A database tracker of all agreed actions is accessible to all action owners to enable them to monitor their agreed actions and to provide status or progress updates.

3.2 The number of open and overdue actions has reduced since last reporting:

	Open Actions	Overdue	High Risk & Overdue	Medium Risk & Overdue
2021/22	1	1	1	0
2022/23	All Completed	0	0	
2023/24	13	13	0	13
2024/25	11	11	1 Revised date 31/07/26	10
2025/26	17	12	2	10
TOTALS	42	37	4	33

3.3 Overdue and High-Risk Actions

The Standards require Internal Audit to inform the Audit Committee where delays in implementing agreed actions expose the organisation to significant risk.

Appendix B provides a list of the agreed actions that are overdue. These actions are being monitored by Internal Audit and CMT to ensure progression. For each action Management has provided the status and progress, revised timelines and explanations, which the Committee is asked to review.

3.4 Management's Acceptance of Risk

Where management has chosen to accept a level of residual risk that Internal Audit considers outside the organisation's risk appetite, this is brought to the Committee's attention. The following cases require Committee oversight:

- Payroll – system access.

The Committee is invited to consider whether this risk acceptance is appropriate.

Conclusion

Internal Audit will continue to monitor progress and report significant delays, risk acceptance decisions, and emerging themes to the Audit Committee. The Committee is asked to:

- Note the current status of agreed actions
- Review and challenge overdue high-risk items
- Consider the appropriateness of management's accepted risks

APPENDIX A: Audits completed and agreed actions.

Audit Area	Audit Opinion	Agreed Audit Actions		Agreed Action
		High	Med	
ARP Enforcement	Substantial	0	0	None
NNDR Business Rates	Reasonable	0	3	<p>The majority of systems were seen to be functioning reasonably well, with most control areas in the scope of this audit functioning adequately but able to benefit from making some improvements:</p> <ul style="list-style-type: none"> Year-end processes will be reviewed to align with Council Tax processes. This will ensure all checks and corrections have been recorded and in place for the 26/27 annual billing. documents used for bill checking are point in time, and not updated to confirm corrections. Bill information is checked by the Change Programme Manager with each authority. The test and live bill checking confirms the calculations and amounts are correct. Locking down specific cells will be looked into to prevent formulae being deleted from reconciliations. All supporting evidence will be held and any differences noted.
Council Tax, Housing Benefit & Local Council Tax Reduction Scheme	Reasonable	0	5	<p>Key observations from the review resulted either from human error or system capabilities:</p> <ul style="list-style-type: none"> No significant issues or indicators of fraudulent activity were identified in relation to credits and refunds. Nonetheless, the process could be further strengthened by updating the process map, providing refresher training, and introducing targeted QA reviews to offer constructive feedback to both Management and Training teams. A small number of errors were identified in rent awards. These were isolated in nature, and not all occurred in the current financial year. The process for updating and validating user permissions following role changes or new starters requires improvement. Although improvements have been made to the Provisional End Date (PED) review process for exemptions, discounts and disregards, the wider review arrangements still need further strengthening.
Recovery of Housing Benefit Overpayments	Reasonable	0	4	No high-risk findings were identified. The issues that were raised resulted either from human error or from the need for manual intervention processes

and Council Tax				<p>due to system capability issues.</p> <p>Agreed actions relate to dealing with these issues including a visual guide on credits/refunds; an exercise to undertake QA checks on samples; additional calendar checks added to the schedule to enable a structured process to be re-introduced, ensuring that the HB deduction amounts are correctly input. This will be timetabled as part of the year end process.</p> <p>As tracing is undertaken by an external Enforcement Agent and a new EA provider commences 29 March 2026, the service will be subject to robust contract monitoring, with KPIs to assist in taking the appropriate action with debts.</p>
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An assurance rating is applied, when a system or process is reviewed, which reflects the effectiveness of the control environment.

The text below is an indication of the different assurance ratings used:

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.
Reasonable Assurance	There is generally a 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.
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In applying the most appropriate level of opinion the internal auditor will use their professional judgement, based on the results of the audit, consideration of risk and consequences of areas of weakness for the organisation.

The above definitions are based on an analysis of existing practice and common definitions.

Appendix B – Overdue Agreed Audit Actions @ April 26

Audit Area	Agreed Action	Status /Progress
Red/High Risks		
Trading Ops - Port Commercial & Marine 2021/22	Formal arrangement in place for the joint venture with LCC for the management of the leisure moorings at the Cross Keys Marina: a meeting needs to be arranged with the Duty Holder, the Harbour Master, Portfolio Holder and LCC to discuss and get an agreement in place as a matter of urgency	In Progress - Resolution is being actively pursued. The leases these are agreed and signed awaiting LCC to get their freeholder sign off which is the EA. Head of Service confirmed that both he and the PCC Head of Legal are actively pursuing it.
Insurance	(a) Succession planning for the role of Insurance & Procurement Manager to be formalised as part of the Finance Service Plan.	In Progress Individuals have now been identified; procedures notes are being completed and training taking place. This can only be fully completed once the renewal training has taken place in August 2026.
Creditor Supplier Amendments	Fortnightly reporting of changes to supplier standing data to be introduced and checked by an independent officer. (frequency to be reviewed dependant on volume of changes). 100% checks on changes to bank accounts should be performed, to assist with the prevention of fraud.	In Progress Still working on this - we do have a report but just need fine tuning - This will be fully completed by 23 Feb as part of the Agresso upgrade. The independent check is likely to be performed by a second person within the Creditors team.
Streetlighting	Engagement with the contractor to obtain correct test certificates and to check against inventory Checks will be undertaken to confirm that all streetlights have been electrically tested and have valid certificate.	In Progress electrical and structural testing task currently remains incomplete. The contractor has completed all of the actual testing works and we have all but 12 certificates I believe for the electrical testing, but we are still awaiting the structural test certs. These were forwarded to

Appendix B – Overdue Agreed Audit Actions @ April 26

		us but were incorrect and so we are awaiting the contractor to correct.
Medium Actions		
Freedom of Information	<p>b) An updated Corporate training program to be devised and implemented to provide refresher training to all staff and to be incorporated into the induction program for new staff.</p> <p>c) Consider the options for the vacant post to provide additional capacity and resource within the team as well as continuing to build on existing service relations potentially via the development of 'champion' role'</p>	<p>UNDER ONGOING REVIEW</p> <p>(b) HR have commissioned a number of FOI/GDPR modules via the new training platform and these are available for all to complete.</p> <p>(c) Amy Brown is assessing future service delivery and the potential need to recruit to the vacant post but this will also depend upon July announcements regarding LGR and the option to join up with other authorities on some tasks.</p>
Debtors & Collection	<p>In conjunction with the revised Corporate Debt Policy, Finance Management need to review the governance for aged sundry debts covering:</p> <ul style="list-style-type: none"> • The monitoring of the debts, coupled with any Key Performance Indicators, and • Reporting of the aged sundry debts for management to be aware of the situation and intervene where appropriate to assist in the recovery of debts. 	<p>In Progress</p> <p>It has been agreed to send out the standard age debt report from Agresso (Unit4) to Budget Managers monthly with their Budget Monitoring Reports starting July 2025</p> <p>This is being addressed as part of review of the current process and what Budget Managers want us to provide."</p>
Debtors & Collection	<p>Whilst it is recognised that the £200k debt has been accounted for under provision for bad debts and there is a lien on the property, recovery action should be taken with legal options reviewed.</p> <p>The narrative in Agresso needs to be updated too.</p>	<p>Sep 25 - This has been looked at and agreed to move to long term debtor - just need to complete the transactions</p>

Appendix B – Overdue Agreed Audit Actions @ April 26

ICT Cyber Security	<p>The Head of ICT Digital & Resilience should liaise with HR to ensure that:</p> <p>b) The AUP is acknowledged and adhered to formally (whether in writing or email) after induction and thereafter on an annual basis.</p> <p>c) Regular compliance spot-checks are performed over the AUP. This could be a substantial task and so should be performed over services on a risk basis.</p>	<p>Almost Complete</p> <p>a) Complete.</p> <p>b) Looking for a way to record this annually. Discussing with HR to include in People XD.</p> <p>c) Discussing with Head of HR - this is in place by ICT and complete.</p>
Emergency Planning & Business Continuity Planning	<p>c. Services should provide reports on the test exercises and outcomes to the Head of ICT, Digital and Resilience to be incorporated into EP/BCP and senior management update reports.</p>	<p>In Progress</p> <p>Need to get an update from individual services.</p>
Emergency Planning & Business Continuity Planning	<p>B. The recruitment process and job descriptions of senior officers should state that membership of the Emergency Planning/Business Continuity Process is part of the roles and responsibilities.</p>	<p>In Progress</p> <p>b) This is a work in progress and is part of the current updating of Job descriptions. HoHR requested that all HOS to send JDs to her so she can update these.</p>
Trading Operations - Estates	<p>Asset management should be centralised and managed corporately by the Estates Team.</p>	<p>On Hold</p> <p>Due to LGR on hold pending outcome no further work at this time</p>
Trading Operations - Estates	<p>Procurement of a suitable Estates management system should be recommenced.</p>	<p>On Hold</p> <p>Due to LGR on hold pending outcome no further work at this time</p>

Appendix B – Overdue Agreed Audit Actions @ April 26

Trading Operations - Estates	Staff guidance notes for the processing of applications be produced and adopted by all staff.	Planned but not a priority.
Information and Data Management	Head of ICT, Digital and Resilience and DPO together with CMT should evaluate data classification options for electronic and physical data, in line with the Information Security Policy requirements.	In Progress
Information and Data Management	The IAR needs to be reviewed at least once a year, but ideally IAO's should review the assets they are responsible for every six months to keep the IAR relevant and provide complete transparency of all asset data The IAR should be revised and aligned with the Data Retention Policy and Governance Structure	In Progress - the Transformation Team are driving this forward as part of their work on LGR preparedness and a revised document will be produced as an outcome of that process.
Capital Financing & Asset Management	The Deputy Chief Accountant has stated that procedure notes to define feeder systems for the asset register will be produced along with training for appropriate finance staff after year end. This is a repeat action from the previous internal audit report June 2019.	This will be undertaken this year end as someone new will be undertaking this process
Capital Financing & Asset Management	A reconciliation between the Asset Register and Insurance records should be done annually. Formal training of appropriate staff and Guidance notes should be produced on conducting the reconciliation.	This will be undertaken this year end as someone new will be undertaking this process
Insurance	(b) Written procedures to be prepared to support the range of Insurance elements.	Due to other priorities eg LGR and year end this has been moved to the end of July 2026

Appendix B – Overdue Agreed Audit Actions @ April 26

Insurance	Recording, tracking and reporting claims needs to be formalised. This will be considered as part of action 1.	Due to other priorities eg LGR and year end this has been moved to the end of July 2026
Contract Monitoring - Freedom Leisure	Leisure Strategy to be reviewed, agreed/approved and published, and shared with the contractor to ensure compliance and achievement of Council objectives.	On hold with HoS. No capacity to address a revised Strategy without a consultant or additional employee support - and the additional cost of such a requirement.
Contract Monitoring - Freedom Leisure	Establish what information the Council wants from the annual report and tailor requirements Formal approach needs to be reinstated for regular reporting; performance and financial, so Members are fully aware of the overall management and the outcomes and measures identified within the contract.	Freedom senior staff present a report to O&S in September or October and have done since the inception of the contract. This supplements the monthly reports provided by the area manager to FDC contract manager. Other than the issue of customer satisfaction it is assumed that the information provided to O&S is as desired. Customer Satisfaction will be measured differently from May 2025 and new targets will be communicated once set. <i>Unclear if Service intends to do further completion work.</i>
Contract Monitoring - Freedom Leisure	Due diligence checks to be performed on at least an annual basis to verify Insurance, Health and Safety, Safeguarding, internal audit assurance work, continuity plans etc, reducing the likelihood of financial losses, reputational and regulatory risk.	In Progress Freedom to be passed a list to populate in September and then annually in April. HoLeisure will contract Procurement Manager for list of due diligence checks and will monitor with FL accordingly to ensure in place and monitored.

Appendix B – Overdue Agreed Audit Actions @ April 26

Corporate Assurance Performance Management	Consideration to be given to access and cell protection within the PI spreadsheet to prevent accidental or deliberate alteration.	-
Creditors	<p>Create a documented procedure for setting up Agresso users, including steps for authorisation and verification; establish a clear timeframe for removing access to Agresso upon an employee's departure, such as within 24 hours of the notified departure date.</p> <p>Develop and implement a clear procedure for determining the timeframe for removing employee access from all systems and platforms after their departure</p>	-
Creditors	<p>Ensure checks are made to prevent duplicate suppliers from being set up in the system. Implement a robust verification process to ensure all supplier data changes are accurately recorded and supported by the necessary documentation.</p> <p>A 10% check of bank account changes is performed each month by an officer independent of making the changes - the checks are based on system reports showing actual changes and are checked to the notification received.</p>	Just had a further audit on Supplier as it is an important part of the creditors finance functions and has been discussed with the Team and a timetable for these tasks to be addressed will be put together.
Decs of Interest	Update the gift and hospitality form for both staff and councillors to include a mandatory section for corporate director authorisation. This ensures all gifts and hospitality are reviewed and approved at a higher level.	Completed with the exception of Councillors - currently liaising with MO on this issue

Appendix B – Overdue Agreed Audit Actions @ April 26


<p>Procurement Act Readiness</p>	<p>Monitor progress and completion of Procurement Training for key Officers. Monthly progress/monitoring report to be requested from HR.</p> <p>To raise awareness across the Council, training could be issued to all Learning and Development users should Officers wish to obtain more understating of the Procurement Process.</p>	<p>-</p>
<p>Main Accounting System</p>	<p>Procedure note/process map to be developed and made accessible to Finance Officers, to include controls and verification process for supplier amendments, to ensure consistency and reduce risk of fraudulent amendments</p> <p>Include key elements of the setting up new suppliers, checking for existing supplier to prevent any duplicate set up (including a similar name check), supplier change checks and validation of amendments.</p>	<p>In progress</p>
<p>Main Accounting System</p>	<p>Fortnightly reporting of changes to supplier standing data to be introduced and checked by an independent officer. (frequency to be reviewed dependant on volume of changes)</p> <p>100% checks on changes to bank accounts should be performed, to assist with the prevention of fraud.</p>	<p>In progress</p>
<p>Main Accounting System</p>	<p>(a) Procedure notes to be reviewed and developed for all aspects of the management of the Financial Management System Agresso</p> <p>(b) A ‘new user and user maintenance’ request form to be introduced (user maintenance and setup, journal input and authorisation, reconciliation process, suspense account maintenance).</p>	<p>In progress</p>

Appendix B – Overdue Agreed Audit Actions @ April 26

Payroll	<p>HR will raise the issue of untaken leave with CMT for a decision as to whether the Annual Leave Policy and Staff Handbook protocol is to be reinstated and followed consistently.</p> <p>(It is noted that there is a discrepancy between the Policy, which states 'up to 5 days of annual leave can be carried forward,' and the Handbook, which states 'up to 37 hours, or the equivalent of one working week'.)</p>	<p>In Progress</p> <p>Ongoing management of outstanding leave, no corporate approach currently agreed - being discussed with CMT on a quarterly basis</p>
Payroll	<p>Access rights to be reviewed to ensure they are consistent with job function and responsibilities. Access to data will be restricted to 'need to know' basis e.g. Payroll staff do not need access to HR files and employee data. To comply with 'Need to Know' principle of GDPR.</p>	<p><i>This action is no longer agreed by the Service and is referred to the Governance Group to consider.</i></p>
Streetlighting	<p>Liaise with the supplier to formalise the contract and obtain signatures.</p> <p>Contractor's insurances to be rechecked before contract is signed.</p>	
Streetlighting	<p>Review the expired SLAs in conjunction with the new WSL contract terms to ensure alignment.</p> <p>Update and issue a revised SLA reflecting any changes as per contract.</p> <p>Engage with Clarion & Parish Councils to formally agree and sign the revised SLA.</p> <p>SLA to be updated on a rolling programme.</p>	<p>In Progress - new date end of May.</p> <p>SLA's have been reviewed and updated but not sent to third parties. This is expected to be done in May following year end recharges.</p>
Streetlighting	<p>MyFenland Checking Database process notes to be updated.</p> <p>Process notes /flowchart to be written for the complete streetlight process.</p>	

Appendix B – Overdue Agreed Audit Actions @ April 26

Streetlighting	Engage with the contractor to ensure that the Service is in a position to schedule and commence large-scale replacement works.	
ICT Cyber Security	Ensure that a further unannounced and targeted “phishing” exercise is arranged and carried out to test staff’s ability to react to a simulated cyber-attack, to assess user awareness and compliance with cyber security protocols. Results must be documented and reported to senior management.	

Agenda Item No:	9	
Committee:	Audit and Risk Management Committee	
Date:	11 May 2026	
Report Title:	Risk Based Internal Audit Plan 2026/27 & Internal Audit Charter	

1 Purpose / Summary

In accordance with the *Global Internal Audit Standards in the UK Public Sector (GIAS (UKPS))*, the Head of Internal Audit has prepared the attached Internal Audit Plan. It considers the areas for audit review and the availability of Internal Audit resources.

The document is presented alongside the Internal Audit Charter, which sets out the purpose, authority and responsibilities of the Internal Audit function.

The proposed plan has been developed to provide sufficient audit coverage during 2026/27 to enable the Head of Internal Audit to provide an annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework.

2 Key Issues

- The work of the Internal Audit function plays an important role in supporting the organisation's governance, risk management and internal control arrangements. Internal audit reviews provide assurance on the effectiveness of controls and processes and identify opportunities for improvement where appropriate.
- The Internal Audit Plan is an estimate of the work that can be performed over the financial year 2026/27. Potential areas of the Council for audit are prioritised based on a risk assessment, enabling the use of Internal Audit resources to be targeted at areas of emerging corporate importance and risk.
- The last External Quality Assessment was carried out in December 2022 and it is acknowledged that additional work needs to be resourced for transition and conformance to the new Standards.
- Productive audit days for 2026/27 is budgeted to operational audit work and used to calculate the risk-based audit plan. This work contributes to the annual audit opinion on the effectiveness of governance, risk management and internal control, which is reported to the Audit & Risk Management Committee. A budget is allocated for other productive assurance work. This includes proactive anti-fraud and error work such as the National Fraud Initiative, a contingency for responsive work and regular following up of previous audit actions.

- This year's Plan needs to have a resource allocation to support the work of Local Government Reorganisation, although quantifying this is speculative at present.
- The number of days allocated per audit is designed to ensure that Audit assurance work is thorough, and it is appropriate that the minimum number of days per audit start at 12-15 days depending on the complexity of the audit. Follow up reviews of limited assurance-rated audits will be planned at 5 days and further allowance is allowed for follow up work which will be on a selected agreed actions basis (including red/high risk actions).
- The risk-based Plan is based on the team of 2.1 FTEs comprising:
 - 1.0 FTE Head of Internal Audit *
 - 0.5 FTE Part time/ Term time Auditor
 - 0.6 FTE Part time Auditor

* The HoIA's time is not usually spent on operational audit engagements work except reviews and supervisory support.

A loss of any resource for any time during the year would significantly reduce the resources and deliverables as the level of capacity to deliver the Plan is critically dependent on the current resource levels. This resourcing level is insufficient to provide continuous internal audit coverage of all key control systems over a 3 to 5-year cycle and focus is therefore required on areas of risk and importance to ensure that audit resources are of value.

- This Plan will continue to be flexible to support ongoing and emerging risks that may arise throughout the year and, following Local Government Reorganisation discussions, Audit is likely to be used to assist with LGR workstream work and assurance testing. An allowance of an initial days is included in the Plan for this but may need to be adjusted as we move through the year and more LGR work develops.
- It is recognised that the scope, complexity and duration of individual audits vary, and therefore the final number may be adjusted to ensure that the plan remains deliverable within available resources and maintains the required level of audit quality.
- The draft Audit Plan for 2026/27 is attached at Appendix A and details the key fundamental audits and risk-based operational audit engagements.
- The Council's key financial systems or 'fundamentals', due to their significance and materiality, are subject to audit reviews over the next 5 years. Appendix B shows that the auditing arrangements with ARP, Enforcement, Council Tax, Business Rates and Housing Benefits are reviewed annually. The remaining Finance systems will be audited over a three-year cycle. Additionally, Payroll is added as a fundamental annual audit area.
- The Assurance rating classification is included at Appendix C.
- Once our LGR partners are known, work will commence to consider our plans together so that areas for review are better aligned and assist with smoother transition in 2028 without duplication or gaps in areas.
- The revised Audit Charter is attached at Appendix D.

3 Recommendations

The Committee is asked to acknowledge the Internal Audit resources and to consider and approve the attached draft Internal Audit Plan for 2026/27 and the revised Internal Audit Charter.

APPENDIX A – Internal Audit Plan

APPENDIX B – Assurance Ratings

APPENDIX C – Fundamentals Plan

APPENDIX D – Internal Audit Charter

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Cllr Chris Boden Leader and Finance Portfolio holder
Report Originator(s)	Deborah Moss – Head of Internal Audit
Contact Officer(s)	Peter Catchpole – Corporate Director & Chief Finance Officer Deborah Moss – Head of Internal Audit
Background Paper(s)	Accounts and Audit Regulations 2015 Global Internal Audit Standards (& UK Public Sector) Fenland District Council Business Plan FDC's Risk Register FDC's Internal Audit Charter



**Internal Audit Plan
2026/27**

4 Introduction

- 4.1 This document sets out the annual Internal Audit risk-based plan (“the Plan”). It is intended to demonstrate how Internal Audit will support the overall aims and objectives of the Council by:
- providing the Chief Executive, Section 151 Officer and Audit and Risk Management Committee with an overall opinion each year on the Council’s control environment to support the Annual Governance Statement (AGS) requirements.
 - preparing Audit plans that give suitable priority to the Council’s priorities and key risks and concentrate resources on areas that have been identified as being the most vulnerable.
 - providing suggested actions to line management at the conclusion of each piece of audit work that will assist in continuous service improvement and reduce the risks identified.
 - identifying the Internal Audit resources required to deliver an Audit service that meets required professional standards; and
 - complying with professional standards.
- 4.2 The Plan is risk-based and covers the Council’s existing operations, while adding value by responding to emerging risks and promoting good governance.
- 4.3 The strategic aims for Internal Audit in 2026/27 are to:
- prepare, maintain and deliver the risk-based Internal Audit Plan.
 - proactively promote understanding of risk and control.
 - recommend and agree actions that help systems meet at least ‘reasonable’ levels of control.
 - monitor and report on the implementation of those actions to senior management and audit committee.
 - facilitate provision of assurance for the Annual Governance Statement.
- 4.4 The Plan is supported by the team’s Service Plan, which is aligned to the Council’s Corporate Priorities, and is agreed with the team and Corporate Director/S.151 Officer.

5 Role of Internal Audit

- 5.1 All local authorities must make proper provision for Internal Audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities 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.
- 5.2 Fenland District Council has given responsibility for ensuring that statutory internal audit arrangements are in place to the Corporate Director & Chief Finance Officer. These arrangements form a key element of the District Council’s framework for corporate governance.
- 5.3 The Head of Internal Audit will oversee Internal Audit provision to the District Council on behalf of the Corporate Director & Chief Finance Officer.
- 5.4 The objectives, scope and mandate of Internal Audit are detailed in the Internal Audit Charter, which has been reviewed and updated.

6 Risk Assessment

6.1 The Council's Internal Audit Plan is based on a risk assessment of the Council's major systems and other auditable areas. This allows us to prioritise those areas and systems to be included within the plan. Key risk assessment factors include:

Factor	Description
Materiality – Value	The value of annual income/expenditure associated with the system/activities.
Materiality – Volume	An estimate of the number of transactions processed by the systems/activities.
Significance/Profile	The significance of the system to the objectives and activities of the Council.
Risk Management	Prevalence of risks in the area as per the risk register (corporate and service), including inherent risk score and analysis of mitigating controls in place.
Complexity	Complexity of the systems/activities in terms of their operation and auditability.
Change	Recent changes to the system or the likelihood of change to the systems in the audit period planned including reference to Transformation.
Regulatory/ Contractual	Extent to which the system / activity is subject to regulation or contractual obligation
External Monitoring	The extent to which a service / activity is monitored or audited by an external body
Prior Audits	Overall rating of last audit and result of follow up.
Susceptibility to fraud and corruption	Opportunity within the system / activity for fraud and corruption to occur.
Staff Turnover	The turnover of staff, especially with key skills.
Known concerns or red flags	Internal Audit awareness of issues that might impact the operations of an area.

6.2 The risk assessment and update of the annual Plan is informed by consultation with key stakeholders, including the Corporate Management Team (including the three statutory officers), Heads of Service/Management Team, external auditors and the Audit & Risk Management Committee. Consultation helps ensure that stakeholder's views and risks are reasonably identified and reflected within the Plan. Other external providers of assurance will be referred to help formulate the annual audit opinion. This helps ensure that resources are used to the best effect, and duplication avoided.

The Standards require that the Plan must be based on an annual assessment of the organisation's strategies, objectives and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive's understanding of the organisation's governance, risk and control processes. The Plan is therefore informed by key corporate documents such the Business Plan, the Corporate Risk Register and Service Risk Registers.

7 Key Themes

The key themes, which have driven our assessment of risk and strategic aims are:

Area	Comment
Financial excellence	There is a continued need to ensure value for money is achieved, including financial resilience and the ability to prioritise resources within increasing financial constraints and a changing control environment.
Corporate Governance arrangements	The Head of Internal Audit will independently review and give an opinion on the Council's arrangements for both corporate governance and risk management, to support the production of an annual governance statement to accompany the statement of accounts. The team will maintain an awareness of emerging risks to help provide advice on effective internal controls.
Assurance mapping	Where other well-developed assurance processes exist (eg documented Control Risk Self-Assessment reviews, quality management audits, the work of other review or inspection teams) the internal audit team will use these assurance contributions to the overall audit opinion on internal control.
Improving information governance	As part of the planned audit engagements the team will help to promote good information and data management practice throughout the organisation.
Risk management	Internal Audit will continue to assist teams identify business risks as part of audits. This will engage our customers in the management and maintenance of their risks and controls at an operational level and help identify and escalate concerns to the corporate risk register.
Minimising fraud and error	<p>The Internal Audit team will ensure that the Anti-Fraud & Corruption Policy & Internal Audit Strategy reflects best practice and will identify and appraise fraud risks during audits.</p> <p>Internal controls will continue to be tested for effectiveness and the team will participate in data matching exercises, as provided by the National Fraud Initiative, to proactively identify fraud and error.</p>
Corporate priorities	The Business Plan and the Council priorities inform the Internal Audit Strategy. The Plan is based on the risk profile of activities supporting the Corporate Plan and will continuously be revised to reflect any emerging changes to corporate risk.

8 Audit Needs and Resources

- 8.1 The risk assessment process identifies auditable systems and helps to prioritise the Audit Plan in consultation with key stakeholders.
- 8.2 Systems given a below reasonable assurance during the previous financial year will be considered for a follow-up review to assess the effective implementation of agreed audit actions by management. Due to limited audit resources, follow-up work is likely to focus on red priority actions and actions deemed necessary for review eg those from an audit area given a limited assurance opinion.
- 8.3 Where common areas of risk are identified across several teams or Services, then the use of corporate themed reviews is considered to ensure an approach which is both consistent and makes effective use of resources.

- 8.4 Both the resources and capacity of the Internal Audit Team is considered annually whilst setting the annual plan. The Internal Audit Team currently has 1.1 full time equivalent auditors and a 1.0 FTE Head of Internal Audit.
- 8.5 Unproductive days, such as training and annual leave, are deducted from the total resource to calculate the total number of planned productive days.
- 8.6 This Internal Audit Plan is produced and provides details for a 12-month period. The Head of Internal Audit will review and adjust the Plan, as necessary, in response to changes in the organisation's business, risks, operations, systems, and controls, as well as the impact of LGR work as it develops.
- 8.7 As mentioned, the amount of resource needed to support LGR is currently unknown and the Plan will need to be flexed to accommodate as necessary, provided that priority is still given to completing sufficient audit engagements needed to give an annual audit opinion.

9 Audit Delivery

- 9.1 The approach of Internal Audit is to use risk-based reviews, supplemented in some areas using system-based audits and themed reviews. All audits have regard to management's arrangements for:
- securing the proper, economic, efficient and effective use of resources.
 - achieving key performance indicators, where appropriate.
 - preventing fraud and irregularity.
- 9.2 The internal control system contains key systems known as 'Fundamental' audits. A compliance approach is applied, as there is pre-existing confidence that controls are well designed, but the effective operation of the controls is a material concern. Testing for the effective operation of these controls is completed over a planned three-year cycle, although can be audited more frequently if assurance is required. The ARP auditing arrangements have allowed us to gain assurances on an annual basis for Council Tax, Business rates and Housing Benefits.
- 9.3 The remainder of the systems are prioritised by their risk-based assessment. The approach to each audit is agreed, with the auditee, during the planning stage of the audit.
- 9.4 In addition to these planned audits the team will complete other assurance work which adds value to the organisation. Examples include proactive anti-fraud and error work such as fraud risk education and data matching, project-based assurance, contingency for responsive work, and following up previous audit recommendations/actions.
- 9.5 The GIAS (UKPS) states that the Head of Internal Audit should consider accepting consulting engagements based on the potential to improve management of risks, add value and improve the organisation's operations. The team may participate in corporate projects that add value by improving governance and controls throughout the Council. The Head of Internal Audit is part of the Corporate Risk Group that reviews the key risks facing the Council and also the Corporate Governance Group created to discuss governance issues.
- 9.6 Requests for unplanned work will be considered against capacity to ensure Internal Audit's independence, and the resource required to provide the Annual Audit Opinion, is not compromised. Any significant additional consulting activities, which impact delivery of the Plan, will be communicated to the Committee.
- 9.7 The output of audits completed during the year will inform the Annual Audit Opinion, which will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This will be reported through the Annual Internal Audit Report which is a key source of assurance for the Annual

10 Quality and Performance

- 10.1 Internal Audit maintains a manual, which sets out the standards to which all audit assignments are completed. It is planned to be reviewed and updated to reflect the best practice and professional standards.
- 10.2 The performance of Internal Audit is measured against targets and objectives set out in the Team Service Plan.
- 10.3 At a detailed level each audit engagement is reviewed at key stages and monitored by the HoIA. Customer feedback is planned to be sought for forthcoming audits.
- 10.4 Ongoing performance appraisal and supervision for Internal Audit staff is carried out during the year to support them in achieving targets and to develop audit skills.
- 10.5 The Corporate Director & Chief Finance Officer shall in accordance with the Accounts and Audit regulations 2015 arrange for an assessment of quality independently of the Internal Audit service. Additionally, an external review of the Internal Audit Service is completed by external assessors every 5 years. This was last assessed in December 2022, where the highest rating of 'Generally Conforms' was received in all areas.
- 10.6 Internal Audit will continue to liaise closely with other internal audit services through the Cambridgeshire Audit Group, the Institute of Internal Auditors, the Chartered Institute of Public Finance Accountants, and the ARP shared audit partnership to share knowledge of best practice.

Internal Audit Plan 2026/27 - Audit Engagements

Audit Title	Assessment Risk Rating	Last Audit & Opinion	Corporate Risk	Rationale for Audit / Scope
Closure of in-progress audits 2025/26				
Key Financial Systems /Fundamentals				
ARP Enforcement	Medium	2025/26 Substantial	Key Financial	As a fundamental audit, this area is reviewed annually.
Council Tax (Fundamental) *	Medium	2025/26 Reasonable	Key Financial	As a fundamental audit, this area is reviewed annually.
Housing Benefits (Fundamental)*	Medium	2025/26 Reasonable	Key Financial	As a fundamental audit, this area is reviewed annually.
NNDR (Fundamental)*	Medium	2025/26 Reasonable	Key Financial	As a fundamental audit, this area is reviewed annually.
Debtors <u>Or</u>	Medium	2023/24 Limited	Key Financial	Key controls, reviewed cyclically. Negative assurance opinion at last audit.
<u>Or</u> Payroll	Medium	2025/26	Key Financial	Key controls within Payroll system, or a cyclical area to be reviewed.
Risk-based audits				
Disabled Facilities Grant Return for 25.26	Medium	2024/25 Reasonable	Financial, Reputational.	An annual return to County is a regulatory requirement. To provide confirmation that the DFGs have been awarded in accordance with grant conditions.
Overtime (b/f from 25.26)	High	No previous audit record	RR22 Resourcing (Service provision affected by organisational change / insufficient staff)	This will support the council's priority to minimise overtime and provide assurance that it is claimed in line with Policy. To include follow up of

			RR26 Financial Management. Failure to achieve savings targets.	changes introduced by Transformation.
Physical Site Security (The Base)	Medium	One-off	Financial Loss Reputation Interruption to operations	To provide assurance around physical site security around our operations Base.
S.106 Agreements	Medium	2017.18 Limited Follow-up Adequate	RR26 Financial Management. Financial, Reputational.	To provide assurance that S.106 monies are being managed appropriately and spent in accordance with agreement. Preparedness for LGR.
Supplier Amendments Follow-up	Medium/High		RR11 Fraud	Fraud is on the increase nationally and causes huge financial loss. To provide assurance as to the successful implementation of agreed actions from a previously negative assurance review.
Contract Audit: Either Grounds Maintenance Or Freedom contract - agency model	Medium	2022/23 Substantial 2024/25 Limited	RR 3 Procurement & Contract Mgt: Failure of contractors/suppliers working on the Council's behalf.	Requested for review due to extra costs implications. CMT request: With the move to an agency model, there may be assurance required around the arrangements.
IT - Cyber Security	High	2025/26 Reasonable/ Limited	RR6 Cyber Resilience (Loss of ICT provision): Breach of ICT security, ICT failure, or cyber-attack, causing loss of service.	At the request of Committee, this audit will be repeated this year. It will consider the IIA Topical Requirement objectives. This may be limited to a follow up, depending on resources and other external assurance).

Port Management	High		Risk: Failure to comply with the Council's policies and procedures. RR22 Resourcing Service risks, including resourcing.	An operational area within the Port service to be selected. To provide assurance that either policies and procedures are being complied with (including procurement) or to review a particular service risk identified.
LATCo	Medium	NEW	RR20 Commercial & Investment Strategy (Failure of the Council's commercialisation and investment strategy) Risk: Commercial uncertainties associated with decisions taken.	To provide assurance that Fenland Futures Ltd has the appropriate internal control and governance in place to ensure objectives are met.
Temporary Accommodation (b/f from 25.26)	Medium/High		RR25 Financial Impact due to External Factors (– additional pressures on the Council's overall finances.)	At the request of CMT. Limited scope/focus: to provide assurance on whether the throughput from temporary accommodation is sufficiently smooth and efficient. This area is statutory and amounts to significant costs.
Procurement – Use of Purchase Orders	Medium	NEW	Risk: Failure to comply with the Council's policies and procedures. RR26 Financial Management. Failure to achieve savings targets.	To work with Finance to provide assurance as to whether the 'No Purchase Order, No Pay' condition is being complied with and is working as expected.
Property & Assets - land ownership and legal documentation			RR1 LGR	Preparedness for Local Government Reorganisation:

				To provide assurance as to comprehensiveness of our records of land ownership, and evidence of legal documentation for ownership and leasing.
Fuel Cards & Fuel Usage	Medium	NEW	Risk: Failure to comply with the Council's policies and procedures. RR11 Fraud RR26 Financial Management Financial Inefficiencies.	To provide assurance on the management of fuel usage by fleet vehicles and the use of fuel cards.
'Fenland Inspire Projects' Governance <i>(ongoing by involvement not an audit?)</i>	High			To review the internal controls and governance surrounding the 15 Inspire projects which carry a £40m+ budget.
General Follow Up of agreed actions				
Reserves				
Local Government Reorganisation controls	Medium High	NEW	RR15 Project Management Over-run of major Council projects in time or cost.	Once legislation is in place regarding LGR controls, a review might need to be undertaken to look at the governance arrangements in place. This may be carried out in either 2026.27 or 2027.28 depending on resource and LGR position.
Facilities Management	Medium			Proposed by HoS: scope to be confirmed based on risks at the time.
Total Risk Based Audits				
Non-Assurance Work				
Fraud Work – Investigations and NFI				
Contingency				

Economic Crime & Corporate Transparency ('Failure to Prevent Fraud Offence') advice				
Ad hoc advice				
Corporate Gov Group and Risk Mgt Group				
Monitoring of agreed audit actions				
Reporting to ARMC				
Subtotal Other Work				
Grand Total				

* These audits are conducted by our ARP partner authorities and will be reviewed by the Head of Internal Audit of FDC before final reports are issued.

Appendix B: Audit Plan for ‘Fundamentals’ (Key Financial Systems)

This is the proposed plan for internal audit reviews of controls considered fundamental to the Council:

System Name 2015/16 2016/17 2017/18 2018/19 Current overall assurance System Name	2023/24	2024/25	2025/26	2026/27	2027/28	Current Overall assurance rating
Housing Benefits *	✓	✓	✓	✓	✓	Reasonable (2025/26)
Council Tax *	✓	✓	✓	✓	✓	Reasonable (2025/26)
Business Rates *	✓	✓	✓	✓	✓	Reasonable (2025/26)
Enforcement	✓	✓	✓	✓	✓	Reasonable (2025/26)
Capital Finance Planning & Asset Register	✓					Substantial (2023/24)
Debtors & Collection Agency	✓			✓		Limited (Follow Up in 2024/25)
Creditors		✓				Reasonable (2024/25)
Corporate Finance - Budgetary Control			✓			Substantial (2022/23)
Cash & Treasury Management	✓					Substantial
Corporate Finance - Management Accounting System			✓			Reasonable (2025/26)
Bank Reconciliation						Assurance is now taken from the work of external audit covering bank reconciliation.
Payroll				✓		Reasonable (2025/26)

* ARP Auditing arrangements in place allow for an audit to be undertaken every year on these services by our ARP Partner authorities.

Appendix C: Assurance Ratings

An assurance rating is applied, when a system or process is reviewed, which reflects the effectiveness of the control environment.

Assurance 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
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.

In applying the most appropriate level of opinion, the internal auditor will use their professional judgement, based on the results of the audit, consideration of risk and consequences of areas of weakness for the organisation.

APPENDIX D



Internal Audit Charter

v. April 2026

Responsible Officer	Head of Internal Audit
Approved by	Audit & Risk Management Committee On 11 th May 2026
This Version	April 2026 v.1
Frequency of review	Annually
Next review	April 2027

Introduction

Internal Audit in the UK Public Sector is 'governed' by the Global Internal Audit Standards and Application Note for the UK Public Sector.

These professional standards require that all aspects of Internal Audit operations are acknowledged within an Audit Charter that defines the purpose, authority and responsibilities of the service provision. The Charter therefore establishes the position of the service within the Council; its authority to access records, personnel and physical properties relevant to the performance of engagements; in addition to defining the scope of Internal Audit activities. There is also an obligation under the standards for the Charter to be periodically reviewed and presented to the relevant audit committee. This Charter will therefore be revisited annually to confirm its ongoing validity and completeness and circulated in accordance with the requirements specified above.

Purpose

The purpose of the internal audit function is to strengthen Fenland District Council's (FDC) ability to create, protect, and sustain value by providing the audit committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The role of the Internal Audit Service includes:

- Supporting the delivery of the Council's strategic objectives by providing risk-based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls
- Championing good practice in governance through assurance, advice and contributing to the Council's annual governance review
- Advising on governance, risk management and internal control arrangements for major projects, programmes and system changes.

Fenland District Council's Internal Audit Service is provided by an in-house team which is part of the Corporate Services Directorate.

The internal audit function enhances FDC's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.

- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards and, where applicable, the Internal Audit Code of Practice effective January 2025, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Corporate Management Team and audit committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

FDC's Internal Audit Service will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. This will take into account:

- a) the CIPFA Application Note, which provides a framework for the practice of internal audit in the UK public sector when taken together with the Global Internal Audit Standards; and
- b) the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government, which complements the Global Internal Audit Standards from the perspective of the Head of Internal Audit.

Overall, this means that the Internal Audit Service will adhere to the "Global Internal Audit Standards in the UK Public Sector".

The chief audit executive, who is the Head of Internal Audit, will report periodically to the Audit & Risk Management Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement programme.

Internal Audit Mandate

Authority

The Accounts and Audit Regulations 2015 require that: *“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 auditing standards or guidance.”*

Additional requirements may be placed upon the Chief Audit Executive by CIPFA as the relevant standard setter including the GIASUKPS and the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code).

The audit committee grants the internal audit function the mandate to provide the audit committee, board and senior management with objective assurance, advice, insight, and foresight.

The internal audit function’s authority is created by its direct reporting relationship to the audit committee. Such authority allows for unrestricted access to the board.

The audit committee authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function’s objectives.
- Obtain assistance from the necessary personnel of the Council and other specialised services from within or outside the Council to complete internal audit services.

Organisation and relationships Common terms and relationships

The terms ‘Chief Audit Executive,’ ‘Board’ and ‘Senior Management’ are used to describe key elements of the organisation’s governance, and the ways in which they interact with Internal Audit.

The table below provides common terms and interpretations of the current relationships between Internal Audit and other key bodies at the Council and provides the relevant post/body at Fenland District Council.

Term	Description
Chief Audit Executive (<i>Head of Internal Audit</i>)	The Chief Audit Executive (CAE) is the Head of Internal Audit for Fenland District Council. The CAE is an FDC employee and reports administratively to the Corporate Director. The CAE also has regular access to statutory officers such as the Chief Executive, S151 Officer and Monitoring Officer.
Board / Audit Committee (<i>Audit & Risk Management Committee</i>)	The 'Board' is a term used for those that oversees the work of Internal Audit. It is the audit committee of the Council, known as the Audit and Risk Management Committee, which has been established as part of its corporate governance arrangements. The Committee responsibilities will be set out in their terms of reference and will recognise CIPFA guidance. Internal Audit will work closely with the committee to facilitate and support its activities. To safeguard internal audit's independence the CAE must have the right of access to the Chair of the committee at any time and can meet the committee without senior management present at least once per year. The CAE will report in their own right to the committee on the work of internal audit.
Senior management (<i>Corporate Management Team</i>)	In the context of ensuring effective liaison between Internal Audit and senior officers, Internal Audit has regular access to the Leadership Team at the Council and regularly attends the Management Team of the Council.
External Audit	Internal Audit aims to minimise any potential duplication of work and determine the assurance that can be placed on respective work. Our audit plans and reports are shared with the appointed external auditor, Ernst Young.
Other Internal Audit Service Providers	Internal Audit will also engage with the Internal Audit service providers of other Councils where shared service arrangements are in place. In such cases, a dialogue will be initiated with each Council's designated Chief Audit Executive to agree on a coordinated approach.
Other External Review and Inspection Bodies	Internal Audit will co-operate with all external review and inspection bodies that are authorised to assess and evaluate the activities of the Council, to determine compliance with regulations, standards or targets. Internal Audit will, wherever possible, utilise third party assurances arising from this work. If we cannot effectively coordinate, we will explain the barriers to the board.

Independence, Organisational Position, and Reporting Relationships

The chief audit executive will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See “Mandate” section above.)

Internal Audit will have unrestricted access to all areas of the organisation and information. The chief audit executive will report functionally to the Audit & Risk Management Committee and administratively (for example, day-to-day operations) to the Corporate Director and S.151 Officer. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the audit committee, when necessary, without interference and supports the internal auditors’ ability to maintain objectivity.

The chief audit executive will confirm to the audit committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the chief audit executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence.

The chief audit executive will disclose to the audit committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function’s effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the chief audit executive, audit committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganisation within the organisation.
- Significant changes in the chief audit executive, audit committee, and/or senior management.
- Significant changes to the organisation’s strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.
- Significant changes to regulatory or best practice expectations specifically for internal audit.

Audit Committee Oversight

To establish, maintain, and ensure that the Council's internal audit function has sufficient authority to fulfill its duties, the audit committee will have responsibilities. These are set out in the Committee's Terms of Reference, which are part of the Council's Constitution and align with best practice established by CIPFA.

Chief Audit Executive Roles and Responsibilities

Ethics and Professionalism

The chief audit executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards & Application Note for UK Public Sector, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behavior that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Independence and Objectivity

The chief audit executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the chief audit executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.

- Performing operational duties for the Council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, audit committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The CAE will be professionally qualified (CCAB, CMIIA or equivalent) and be suitably experienced in internal audit.

The chief audit executive has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the audit committee and senior management. Discuss the plan with the audit committee and senior management and submit the plan to the audit committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the audit committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, and controls.
- Communicate with the audit committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the audit committee and senior management periodically and for each engagement as appropriate.

- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the Council and communicate to the audit committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the audit committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the chief audit executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the audit committee (Note Principle 12 of the Code of Practice).

Communication with the Audit & Risk Management Committee and Senior Management

The chief audit executive will report annually to the audit & risk management committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the audit committee.
- Results of assurance and advisory services.
- Resource requirements.

- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite.
- An annual assurance opinion for use by the Audit Committee in their annual assurance and governance statement to the Board.

Quality Assurance and Improvement Program

The chief audit executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and Code of Practice, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the chief audit executive will communicate with the audit committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team.

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organisation, including all the Council's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the audit committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- The actions of the Council's officers, directors, management, employees, and contractors or other relevant parties comply with the Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Approved by the Audit & Risk Management Committee at its meeting on 11th May 2026.

Deborah Moss

Chief Audit Executive

Date 11 May 2026

Cllr Kim French

Chair of Audit & Risk Management Committee

Date 11 May 2026

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Agenda Item No:	10	
Committee:	Audit and Risk Management Committee	
Date:	11th May 2026	
Report Title:	Corporate Risk Register Review	

1 Purpose / Summary

- 1.1 To provide an update to the Audit and Risk Management Committee on the Council's Corporate Risk Register.

2 Key Issues

- 2.1 The Council's Risk Management Strategy ensures the effective maintenance of a risk management framework by:-
- embedding risk management across core management functions;
 - providing tools to identify and respond to internal and external risk;
 - linking risks to objectives within services and regularly reviewing these.
- 2.2 The Audit and Risk Management Committee has asked that the Council's Corporate Risk Register is reviewed and presented to it quarterly.
- 2.3 The latest Corporate Risk Register (**Appendix A**) is attached to this report.

3 Recommendations

- 3.1 The latest Corporate Risk Register is agreed as attached at Appendix A to this report.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Cllr Chris Boden – Leader and Portfolio Holder for Corporate Governance
Report Originator(s)	Stephen Beacher – Head of ICT, Digital & Resilience
Contact Officer(s)	Paul Medd – Chief Executive Peter Catchpole –Corporate Director & Chief Finance Officer Stephen Beacher – Head of ICT, Digital & Resilience
Background Paper(s)	Previous reviews of the Corporate Risk Register: minutes of Audit and Risk Management Committee

1 Background / Introduction

1.1 This is the latest quarterly update in respect of the Corporate Risk register.

2 Considerations

2.1 The Council has seven considerations when considering risk:-

- Performance – can we still achieve our objectives?
- Service delivery – will this be disrupted and how do we ensure it continues?
- Injury – how do we avoid injuries and harm?
- Reputation - how is the Council's reputation protected?
- Environment – how do we avoid and minimise damage to it?
- Financial – how do we avoid losing money?
- Legal – how do we reduce the risk of litigation?

2.2 Members and Officers share responsibility for managing risk:-

- Members - have regard for risk in making decisions
- Audit and Risk Management Committee – oversee management of risk
- Corporate Management Team – maintain strategic risk management framework
- Risk Management Group – Lead Officers across the Council promote risk management and a consistent approach to it
- Managers – identify and mitigate new risks, ensure teams manage risk
- All staff – manage risk in their jobs and work safely.

2.3 Risk is scored by impact and likelihood. Each have a score of 1-5 reflecting severity. The overall score then generates a risk score if no action is taken, together with a residual risk score after mitigating action is taken to reduce risk to an acceptable level.

2.4 The level of risk the Council deems acceptable is the “risk appetite”. The Council accepts a “medium risk appetite” in that it accepts some risks are inevitable and acceptable whereas others may not be acceptable.

2.5 Managers consider risks as part of the annual service planning process. Each service has a risk register with the highest risks being reported at a strategic level, forming the Corporate Risk Register. The Corporate Management Team, supported by the Risk Management Group, ensures that the highest risks are regularly reviewed and mitigating action undertaken.

2.6 The Corporate Risk Register is very much a “living document”; the Audit and Risk Management Committee reviews it quarterly.

2.7 Where exceptional new risks present themselves, they can be referred to Audit and Risk Management Committee urgently as appropriate.

- 2.8 Risk appetite has been considered. The Council takes a medium risk appetite, accepting that the current climate in Local Government is subject to great change and that some risks are necessary in order for the Council to move forward and continue to deliver high quality, cost-effective services.

As a result of this, in some instances it is not possible to significantly reduce residual risk. Having said this, some decisions may need to be made in a timely manner and this could increase risk appetite accordingly. The Council's overall risk appetite should be reviewed regularly.

- 2.9 Risk awareness is embedded across the Council and it is important that risk awareness and management is integral to the Council's culture. To achieve this, risk awareness and training are important.
- 2.10 It is important that Members have regard for risk when considering matters and making decisions at Council, Cabinet and Committees. In addition, Audit and Risk Management Committee must take a strategic overview of risk and consider the highest risks to the Council as set out in the Corporate Risk Register.

3 Changes to the Corporate Risk Register

- 3.1 The Risk Register has been reviewed by the Corporate Risk Management Group and Corporate Management Team.
- 3.2 Mitigating actions and progress have been updated.
- 3.3 Commentary regarding all risks and action being taken to ensure current risks are minimised has been updated in the Risk Register.
- 3.4 All updates are highlighted in green.
- 3.5 There are no changes to residual risk scores this quarter.

4 Next Steps

- 4.1 Officers will continue to bring a reviewed and updated Corporate Risk Register to Audit and Risk Management Committee on a regular basis.

5 Conclusions

- 5.1 The risk management process provides assurance for the Annual Governance Statement, which is substantiated by reports from the Council's External Auditors in their issuance of an unqualified audit opinion.
- 5.2 Regular review (and updating as appropriate) of the Risk Management Strategy and Corporate Risk Register will further build the assurance required above.

APPENDIX A

Corporate Risk Register

Reviewed and updated May 2026



1 Introduction

- 1.1 This is the latest Corporate Risk Register. Please refer to the Council's Corporate Risk Strategy for further information about how the Council approaches risk management. Actions and comments for each risk have been revised and other changes are highlighted in green.

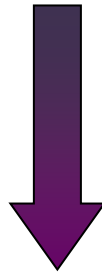
2 Risk Management Process

- 2.1 Risk Management is designed to identify what could affect the achievement of objectives, and to plan a proportionate response.
- 2.2 The Council's approach to Risk Management is documented within the Risk Management Framework. It aims to ensure that risks are identified for both strategic and operational activity. This includes:
- corporate and service priorities;
 - project management;
 - decision-making and policy setting; and
 - financial and performance monitoring and planning.
- 2.3 The Risk Management Framework provides tools to manage risks for the different types of system and control environment, such as the Corporate Risk Register to capture and summarise significant and strategic risks; team risk registers which help inform service planning and actions; risk and hazard identification documents are shared with management as appropriate during audit reviews; and health and safety risk assessments which are updated annually by teams.
- 2.4 The frequency and mechanism for monitoring risks reflects the type of monitoring system, and the pace of changing circumstances, for example:
- Project risks will be recorded in project risk registers and are reviewed frequently throughout the project's life.
 - Operational risks are identified through audit and inspection work and are assigned dates and ownership.
 - Operational risks are identified through service planning and are linked to the service plan actions. These are typically monitored monthly through team meetings as part of the Councils Performance Management framework.
- 2.5 The Annual Governance Statement records governance actions, which are reviewed biannually as good practice. The Corporate Risk Register comprises strategic and significant risks. The register can both inform and reflect risks recorded in other risk management systems. It may refer to more detailed analysis of risks, presented to committees, such as the Medium-Term Financial Strategy. Appropriately, mitigation may be linked to specific actions recorded and monitored through service plans, or committee forward plans.
- 2.6 Risks are categorised and scored according to their impact and likelihood. This activity allows managers, to prioritise resources to mitigate them. Strategic and significant risks are defined by the Councils risk appetite.
- 2.7 The outcomes of this process are reported to the Audit and Risk Management Committee at least twice each year in the form of the attached Corporate Risk Register.
- 2.8 The review of the Risk Management Framework, Policy and Strategy, will be reported to the Audit and Risk Management Committee at least annually. The Risk Management process, and register, will provide assurance for the Annual Governance Statement.

3. How Risks Are Scored

- 3.1 The Council has adopted a consistent scoring mechanism for all risk identification, as it enables risks identified from other systems to be escalated to the Corporate Risk Register.
- 3.2 The probability - “likelihood”, and effect - “impact”, of each risk must be identified in order to help assess the significance of the risk and the subsequent effort put into managing it.
- 3.3 The risk score is calculated by multiplying the impact score by the likelihood score:

IMPACT	
Score	Classification
1	Insignificant
2	Minor
3	Moderate
4	Major
5	Catastrophic



LIKELIHOOD	
Score	Classification
1	Highly unlikely
2	Unlikely
3	Possible
4	Probable
5	Very likely

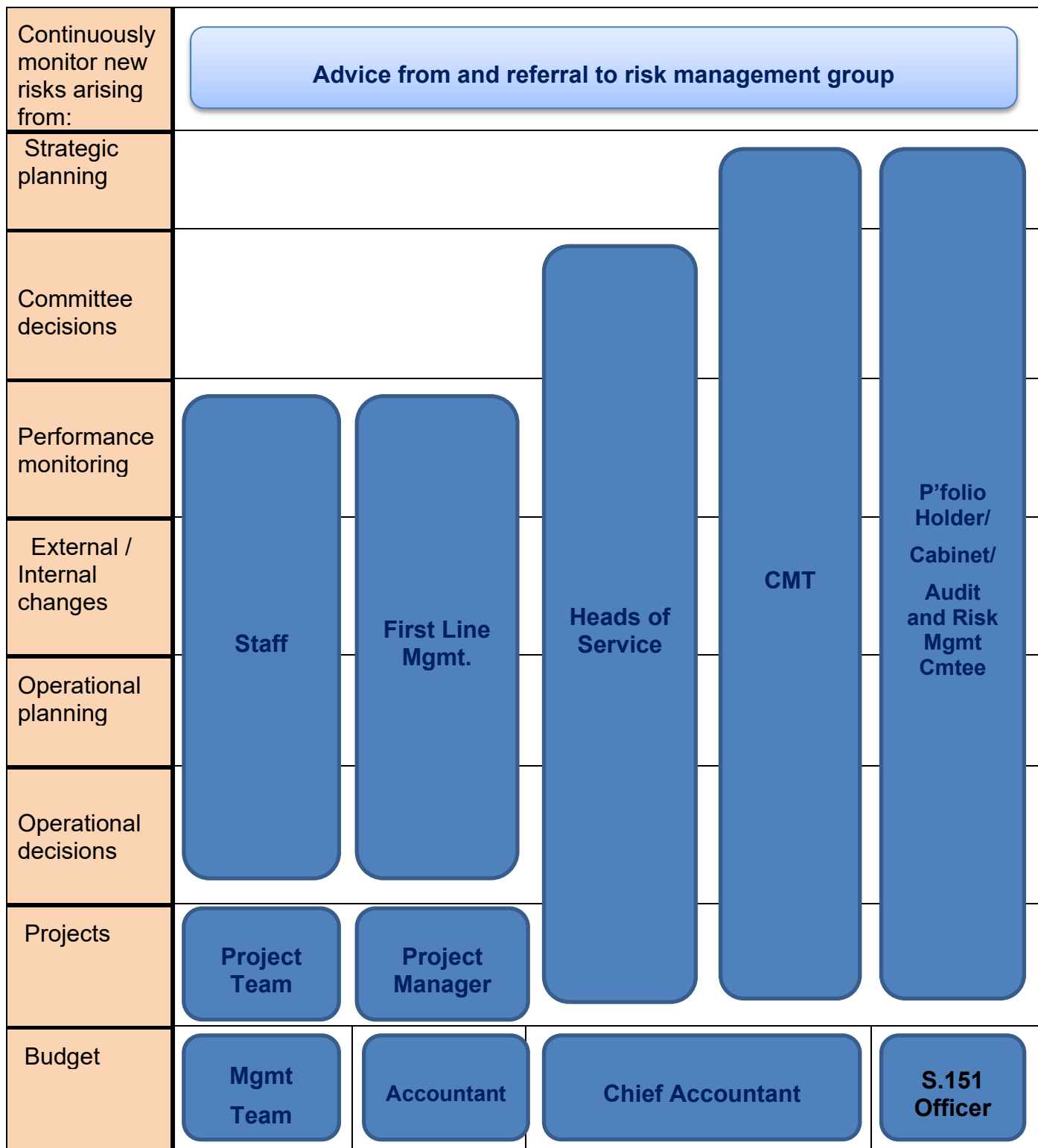
IMPACT x LIKELIHOOD = RISK SCORE

3.4 The impact and likelihood of risks is scored with regards the below levels:-

Score	1	2	3	4	5
Criteria	Insignificant impact	Minor impact	Moderate Impact	Major Impact	Catastrophic Impact
Performance	Objectives still achieved with minimum extra cost or inconvenience	Partial achievement of objectives with compensating action taken or reallocation of resources.	Additional costs required and or time delays to achieve objectives – adverse impact on PIs and targets.	Unable to achieve corporate objectives or statutory obligations resulting in significant visible impact on service provision such as closure of facilities.	Unable to achieve corporate objectives and/or corporate obligations.
Service Delivery	Insignificant disruption on internal business – no loss of customer service.	Some disruption on internal business only – no loss of customer service.	Noticeable disruption affecting customers. Loss of service up to 48 hours.	Major disruption affecting customers. Loss of service for more than 48 hours.	Loss of service delivery for more than seven days.
Physical	No injury/claims.	Minor injury/claims (first aid treatment).	Violence or threat or serious injury/claims (medical treatment required).	Extensive multiple injuries/claims.	Loss of life.
Reputation	No reputational damage.	Minimal coverage in local media.	Sustained coverage in local media.	Coverage in national media.	Extensive coverage in National Media.
Environmental	Insignificant environmental damage.	Minor damage to local environmental.	Moderate local environmental damage.	Major damage to local environment.	Significant environmental damage attracting national and or international concern.
Financial	Financial loss < £200,000	Financial loss >£200,000 <£600,000	Financial loss >£600,000 <£1,000,000	Financial loss >£1,000,000 <£4,000,000	Financial loss >£4,000,000
Legal	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/or local public enquiry	Major civil litigation setting precedent and/or national public enquiry	Section 151 or government intervention or criminal charges

4. Monitoring and Escalation Framework

4.1 The following diagram illustrates the key stakeholders for different classification of risk management:



5.0 Risk Appetite and Tolerance Levels

- 5.1 Risk appetite and tolerance is the amount of risk an organisation is prepared to accept, or be exposed to at any point in time. It can indicate where action is required to reduce risk to an acceptable level, plus opportunities for positive outcomes which can be monitored.
- 5.2 The Council has adopted the approach and definitions used by CIPFA and the Institute of Risk Management:

Risk Appetite

“The amount of risk an organisation is willing to seek or accept in the pursuit of its long-term objectives”.

An example may be consideration of the funds or resources that an organisation is prepared to invest in a venture where success is not guaranteed but that would yield benefits.

Risk Tolerance

“The boundaries of risk taking outside which the organisation is not prepared to venture in the pursuit of its long-term objectives”.

An example may be a Treasury Management Strategy that rules out certain types of investment options.

- 5.3 Typically an individual’s perception of an acceptable risk is the same irrespective of which definition is used. Differences may occur where risks cannot be controlled or completely eliminated. For example, political and legislative change is an external driver which cannot be fully mitigated. In this instance the risk tolerance, and ability to manage the risk, may be greater than risk appetite.
- 5.4 It is recognised that the tolerance or appetite is subjective, and may change according to the environment, internal and external drivers. Consequently, it is important, regardless of the terms used, that everyone has a consistent approach to risk taking to prioritise resources effectively.
- 5.5 The Councils risk appetite is set by the Corporate Management Team (CMT) and is reviewed periodically. This provides guidance to everyone on acceptable levels of risk taking, to encourage a consistent approach to risk management.
- 5.6 Different risk appetites can be illustrated on a five-by-five matrix as three levels: high, medium and low. The Council is risk aware and the current level is determined by CMT as medium. This provides guidance that any inherent risk scored at 15 or greater is to be considered for the Corporate Risk Register.
- 5.7 Once controls are in operation the risks can be scored again to illustrate the residual risk.

6. The Corporate Risk Register at a Glance

6.1 Please see below for a summary of current risks and their scores. More detail follows in section 7 of this document, in which the individual risks are ordered by severity of current risk, in descending order.

Ref	Risk	Risk if no action			Change	Current risk			Change	Page in register
		Impact	Likelihood	Score		Impact	Likelihood	Score		
25	Financial Impact due to External Factors (Funding changes which make the Council unsustainable / failure of external investment institutions)	5	5	25	↔	4	5	20	↔	9
27	Natural Disaster / Pandemic (The Council's ability to cope with a natural disaster / pandemic)	5	5	25	↔	4	4	16	↔	10
26	Financial Management (Failure to achieve savings targets / capital funding strategy / the Council's commercialisation and investment strategy)	5	5	25	↔	4	4	16	↔	11
24	Change in Government Priorities or Legislation (New or amended legislation / change of priorities)	5	5	25	↔	4	4	16	↔	12
3	Procurement & Contract Management (Failure of contractors/suppliers working on the Council's behalf)	4	4	16	↔	4	3	12	↔	13
6	Cyber Resilience (Loss of ICT provision)	5	5	25	↔	4	3	12	↔	14
23	Business Continuity / Disaster Recovery (Response to a localised operational issue)	5	5	25	↔	4	3	12	↔	15

22	Resourcing (Service provision affected by organisational change / insufficient staff)	4	5	20	↔	3	4	12	↔	16
1	Local Government Reorganisation (LGR)	5	3	15	↔	4	3	12	↔	17
10	Health & Safety (Major health and safety incident)	4	4	16	↔	3	3	9	↔	18
11	Fraud (Fraud and error committed against the Council)	5	4	20	↔	3	3	9	↔	19
13	Partnership Working (Failure of Governance in major partners, or in the Council, as a result of partnership working)	4	5	20	↔	3	3	9	↔	20
19	Communication & Engagement (Poor communications with stakeholders)	4	5	20	↔	3	3	9	↔	21
20	Commercial & Investment Strategy (Failure of the Council's commercialisation and investment strategy)	5	4	20	↔	3	3	9	↔	22
15	Project Management (Over-run of major Council projects in time or cost)	4	5	20	↔	3	2	6	↔	23

7 Corporate Risk Register

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
25 – Peter Catchpole (SW)	<p>Financial Impact due to External Factors (Funding changes which make the Council unsustainable / Failure of External Investment Institutions)</p> <p>Risks:</p> <ul style="list-style-type: none"> Funding changes make Council unsustainable. Failure of external investment institutions. The current impact of inflation and how this may present additional pressures to the Council's overall finances. <p>Effects:</p> <ul style="list-style-type: none"> Economic changes, imposed savings requirements, changes to local government funding systems. Financial management of NNDR, CTS leads to change in income /spending making Council unsustainable. Failure of external investment institutions affecting availability of funds or return on investment reducing cash flow and resource availability. 	5	5	25	<p>Financial Regulations & Standing Orders; Appropriately trained staff; Professional economic forecasts; Community consultation on service priorities; Council for the Future programme; Political decisions linked to budget strategies; Executive steer of service /capital priorities; Review fees & changes; Reserves; Budget monitoring; Policy for maximum investment / borrowing levels limits liability; Credit ratings; Financial management; Insurance; Treasury Management Strategy; Using intelligence to model and plan for future changes and risks and move away from reliance on Govt funding to balance our budget; Regular monitoring of current position and reporting to Members; Inclusion in national working groups, modelling and lobbying for funding system; Sharing Council's Efficiency Plan with the Government allows guaranteed multi-year grant settlement raising funding certainty; Partnership working; Pursuing opportunities for external funding; Robust auditing of processes and policies.</p> <p>We closely monitor information received from government and relevant interest groups and sector representatives regarding anticipated changes in the financing of local government. Our Medium-Term Financial Plan articulates the key risks to the Council arising from potential changes in the current arrangements. The MTFP forecasts the gap between the cost of delivering Council services and the resources available, including any planned use of Council reserves.</p> <p>The Council has an agreed Commercialisation and Investment Strategy which will enable the Council to generate additional income. This provides a framework to determine which investment opportunities can be taken forward. Some income-generating investments have been made. However, the challenging economic outlook, particularly in respect of inflation and rising financing costs, is likely to reduce, at least in the short-term, the commercial viability of some planned investments.</p> <p>Each service is required to review and identify any opportunities for transformation, commercialisation and efficiency. The Council has now delivered Phase 2 of the 'Modernising Council Services' programme which is on target to deliver significant savings over the Council's current MTFP period. We have now started delivering the next phase of this transformation programme.</p> <p>The Treasury Management Strategy is subject to review by the Audit and Risk Management Committee prior to being considered and approved by Cabinet and Full Council in February each year. An annual report and a mid-year report are produced during the year for members' consideration in accordance with reporting requirements set out by CIPFA and the Council's treasury management position is regularly reviewed. The Council complies with relevant sector best practice.</p> <p>Defra has yet to set the levels of agreed revenue support for either Food Waste Transitional Funding or Extended Producer Responsibilities (EPR) making budget setting and resource management difficult. Capital funding for food waste implementation in 2026 has been received but raises concerns that it will be sufficient for the transition to weekly food waste collections.</p> <p>The scope of the Transformation team is being reviewed to include support for Local Government Reorganisation and Inspire projects.</p> <p>The General Fund Budget Estimates and Medium-Term Financial Strategy (MTFS) Report, agreed by Cabinet and Council in February, projects a financial shortfall for 2025/26 of £1.432m increasing year on year amounting to around £3.4m by 2027/28. Although there are currently many uncertainties regarding the budget for 2025/26 and the MTFS, there remains a significant structural deficit which the Council will need to address.</p> <p>The new burdens funding from Defra (Department for Environment, Food & Rural Affairs) may not be sufficient to cover the new food waste initiative.</p> <p>Extended Producer Responsibility Payment (pEPR) delivered £1.5m income for FDC in 2025/26. There remains a lack of transparency over how this will be calculated and there is the risk that this important income will reduce with overall recycling changing.</p> <p>The Fairer Funding Review and the Business Rates Re-Set included in the 2026/27 Financial Settlement is a major change to the previous year's budget setting and has caused uncertainty for the Council's budget for 2026/27 and the next two years.</p> <p>A pay claim has been submitted by Unison for 2026/27 for 10% or £3,000 (whichever is the greater). FDC have budgeted 4% for next year's pay rise.</p>	4	5	20	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
27 – CMT (SB)	<p>Natural Disaster / Pandemic (The Council’s ability to cope with a natural disaster / pandemic)</p> <p>Risks:</p> <ul style="list-style-type: none"> • The Council’s ability to cope with a natural disaster, or a pandemic / infectious disease situation. • Failure to maintain robust emergency planning procedures. <p>Effect: Natural disaster: malicious or accidental incident affects support required by civilians or disrupts existing Council services.</p>	5	5	25	<p>Business Continuity and Emergency Planning procedures; Regular exercises and joint public sector workshops; Emergency Planning communications strategy; Review of approach with partner organisations as a result of lessons learned; Local Resilience Forum; Working with key partner agencies (Public Health, CPLRF, ARP etc.); Agile working, all relevant staff are enabled to work remotely; Ensure key emergency planning staff attend regular liaison meetings and training.</p> <p>Internal Audit carried out reviews of our Business Continuity and Emergency Planning processes during 2024.</p> <p>The Council retain the use of our four leisure centres for use as rest centre locations.</p> <p>The Council has a rota for ‘on-call’ senior officers at Gold (strategic), Silver (tactical) and Bronze (operational) levels to respond in the event of an incident. The Council’s response to any such situation will complement, and support, that of the CPLRF.</p> <p>Relevant staff have taken part in the first two phases of Exercise Pegasus. This is the largest ever simulation of a pandemic and involves participation from every government department. The government have committed to communicating the findings and lessons of this exercise, as recommended by the Covid-19 inquiry, and a post-exercise report will be delivered in due course. A pandemic remains the top risk of the UK’s national risk register.</p>	4	4	16	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
26 – Peter Catchpole (SW)	<p>Financial Management (Failure to achieve saving targets / capital funding strategy / the Council's commercialisation and investment strategy)</p> <p>Risks:</p> <ul style="list-style-type: none"> • Failure to achieve required saving targets. • Capital funding strategy failure. <p>Effects:</p> <ul style="list-style-type: none"> • Failure to achieve efficiency savings, or to maximise income. • Failure to achieve performance targets may result in greater than budgeted costs and potential risk of Council not being able to set a balanced budget. • Financial risks of capital funding shortfalls leading to increased burden to the Council. • Potential for marginal deficit in capital programme if future funding is not realised. 	5	5	25	<p>Heightened analysis of budgets; Implementing service transformation; Implementing procurement strategy; Corporate plan; Pursue action to increase income streams; Performance Management Framework; Robust workforce planning; Project management; Council for the Future programme; Corporate Asset Team; Monitoring of capital receipts and effect on capital programme; Additional funding opportunities identified and pursued; Project lead monitors site valuations; Marketing and identification of potential land purchases; Flexibility of planning guidance; Robust control of Corporate Transformation Plan; Regular progress reports and assurance to Members; Forward planning and horizon scanning; Asset Management Plan; Asset Disposal Strategy.</p> <p>Delivery of Council Efficiency targets continue including delivering planned savings in the Council's annual budget and medium-term financial strategy.</p> <p>The Council has delivered the TA2 transformation programme which delivered savings over the Council's current MTFP period.</p> <p>A further specific challenge relates to future costs concerning the Port infrastructure and backlog maintenance of the property portfolio. Members are aware that whilst the associated costs are not yet factored into the capital programme and medium-term financial plan the impact is likely to be significant. The options for cost-avoidance and reduction will depend on significant strategic decisions to be taken as part of the budget-setting process.</p> <p>With the Council currently showing an in-year deficit position, we need to focus on all feasible interventions to bring this down considerably. These will include: limiting service budget expenditure to essential items only, withdrawing support for certain overtime and agency worker arrangements, suspending recruitment for certain unfilled roles on the establishment. The Council have a Savings Tracker which includes a list of deficit reduction issues for CMT/MT to consider and agree a way forward at each meeting.</p> <p>Management Team will need to continue putting our efforts behind the following priority areas (not exhaustive): Homelessness; Port; Planning; Transformation/Operating Model (Applications); Staff costs; Environment Act Obligations; Capital Pressures; Debt,</p> <p>The updating of the Financial Regulations will be reviewed, and any changes will have to go through Cabinet and Full Council for approval before publishing.</p> <p>Members are reviewing priorities since the announcement of LGR. The Investment Strategy is reviewed annually by ARMC. The Accommodation project is currently on hold, awaiting the outcome of Local Government Reorganisation.</p> <p>The General Fund Budget Estimates and Medium-Term Financial Strategy (MTFS) Report, agreed by Cabinet and Council in February, projects a financial shortfall for 2025/26 of £1.432m increasing year on year amounting to around £3.4m by 2027/28. Although there are currently many uncertainties regarding the budget for 2025/26 and the MTFS, there remains a significant structural deficit which the Council will need to address.</p> <p>The financial outturn for the financial year 2024/25 resulted in a surplus. A tracker has been created to evidence the potential benefits and costs savings from the transformation programme. It also tracks savings realised. An Additional Resource Authorisation Form has been introduced to approve resource by Finance and CMT. An updated debt management policy has been delivered.</p> <p>The Finance team are actively encouraging the wider use of 'No PO, No Pay', which is a process within our financial management system which will deliver improved financial management.</p> <p>The projected financial shortfall for 2025/26 has reduced from £1.432m in the 2025/26 Budget to £0.3m.</p> <p>Members are considering an LGR reserve that will protect our revenue position in 2025/26 and future years.</p>	4	4	16	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
24 – CMT (PM/AB)	<p>Change in Government Priorities or Legislation (New or amended legislation / change of priorities)</p> <p>Risks:</p> <ul style="list-style-type: none"> • Change in legislation. • Change in government priorities. • Significant legal challenge. • Risk of GDPR breach and ICO sanction / fine. • Risk of administrative, or other challenge in relation to the Council's overall governance / acts / omissions. <p>Effect: Changes in national political priorities may result in immediate changes that require additional resource to achieve and fail to reflect priorities determined by consultation.</p>	5	5	25	<p>Monitoring Officer; Horizon scanning by Legal / CMT / Management Team; Financial & workforce planning; Membership of professional / Local Govt. bodies aids horizon scanning; Management of change approach to mitigate significant impact to the organisation; Detailed project plans to change implementation; Respond to consultations on new legislation; Insurance; Cabinet reports; Clear corporate planning and regular performance monitoring; Effective service/ financial planning; Respond to national consultation on key policy change; Membership of LGA as a Council Outside Body; Use intelligence to identify impending changes and their effects; Ensure staff trained and procedures changed; Use professional networking to identify best practice for responding to change; We respond to government consultations on changes to legislation / policy to influence its development; Operate in accordance with best practice; Seek specialist external legal advice, where required; Effective working with other local authorities; Understanding and acting on intelligence from LGA, CIPFA, and other local government sources; Resources identified, approved, and implemented without delay; Horizon scanning via professional bodies; Joint/collaborative working.</p> <p>The likelihood of legislative change remains high. We are keeping a watching brief as any changes are announced. We are monitoring expected legislative changes which may arise after the introduction of the Procurement Act which will replace the current EU law-based procurement regulations and lay down new rules and procedures for selecting suppliers and awarding contracts.</p> <p>The Council has in-house senior legal advice as well as through its links with external organisations, such as EM Lawshare and PCC Legal. Specialist external advice will be sought in relation to complex / technically challenging matters, as appropriate.</p> <p>The Elections Bill 2021 includes additional requirements relating to: Voter identification; Postal and Proxy voting measures; Clarification of undue influence; Accessibility of Polls; Overseas Electors; EU Voting and Candidacy Rights; The Electoral Commission; Notional Expenditure; Political Finance; Intimidation: New Electoral sanction; and Digital Imprints.</p> <p>The Government have announced that they will facilitate a programme of local government reorganisation for two-tier areas. Members are reviewing priorities since the announcement of LGR as reported to O&S.</p> <p>The Procurement Act has now come into force. Refresher training has been developed and will be rolled out shortly.</p> <p>The new Employment Bill being proposed by the Government is currently going through the House of Lords. The Bill intends to make provision to amend the law relating to employment rights; to make provision about procedure for handling redundancies; to make provision about the treatment of workers involved in the supply of services under certain public contracts; to provide for duties to be imposed on employers in relation to equality; to amend the definition of "employment business" in the Employment Agencies Act 1973; to provide for the establishment of the School Support Staff Negotiating Body and the Social Care Negotiating Bodies; to amend the Seafarers' Wages Act 2023; to make provision for the implementation of international agreements relating to maritime employment; to make provision about trade unions, industrial action, employers' associations and the functions of the Certification Officer; to make provision about the enforcement of legislation relating to the labour market; and for connected purposes. The impact of its implementation is likely to have a significant on all employers, and will require a review of all associated policies, Codes of Practices, procedures and some additional management training.</p> <p>The Environment Act require weekly food waste collections from all properties from April 2026. The council has a project team delivering these changes. The act also includes changes to waste collection and treatment. Funding for recycling collections through Extended Producer Responsibility, delivery of weekly food waste and Deposit Return Scheme all represent a significant change and present a risk to the authority.</p> <p>The Economic Crime and Corporate Transparency Act 2023 became enforceable from September 2025 creating a new offence of 'failure to prevent fraud and making companies liable if they fail to have reasonable measures in place.</p>	4	4	16	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
3 – CMT (All Managers)	<p>Procurement & Contract Management</p> <p>Risk: Failure of contractors / suppliers working on the Council's behalf.</p> <p>Effect: Failure of contractor or partners to deliver services or meet agreed performance objectives leads to additional costs or failed objectives.</p>	4	4	16	<p>Procurement processes, including financial aspects, contract standing orders, and equality standards; Creation of robust contracts; Accountability and risk ownership; Service Level Agreements; Contract monitoring; Trained / skilled staff; Project management; Relationship Management; Business Continuity plans; Ensuring contracts have risk registers and mitigation in event of contract failure; Ensuring all contractors have reviewed their business continuity plans; Individual Council services share their own contingency to cover for contractor failure, which forms part of the Business Continuity Plan for each service area; Potential contractors and suppliers are always checked for financial stability and business continuity by the Accountancy / Procurement teams before contracts are let.</p> <p>FDC has arrangements in place to manage / monitor the performance of the Tivoli Grounds Maintenance contract and the Freedom Leisure contract. All other contracts have a full review and governance process in place to ensure ongoing delivery and performance standards.</p> <p>A Contract Management Policy and associated standards and guidance toolkit will be considered to ensure that all contracts are managed in a consistent and compliant manner. This should be available to all contract managers.</p> <p>The Procurement Act has now come into force. Refresher training has been developed and rolled out to all staff. The Code of Procurement was agreed by Full Council in December 2024, and the Procurement Strategy was agreed at Full Council in February 2025.</p> <p>Following an audit of our Contracts Register in February 2025, the actions identified to be followed up during an audit of procurement have now been completed.</p> <p>An Audit of our preparation for the Procurement Act was completed in 2024/25. This produced a Reasonable Assurance Opinion with 6 Actions.</p> <p>We are currently working with partners across Cambridgeshire to review synergies in contracts / procurements.</p>	4	3	12	We are revising our processes to ensure alignment with our commitments under the Modern Slavery Act.

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
6 – Peter Catchpole (SB/AB)	<p>Cyber Resilience (Loss of ICT provision)</p> <p>Risk: Breach of ICT security, ICT failure, or cyber-attack, causing loss of service.</p> <p>Effects:</p> <ul style="list-style-type: none"> • Major ICT hardware / software failure, or attack (such as viruses, hacking, or malware) causes disruption to services, or a breach of security. • Financial penalties due to data loss. • Reputational damage. 	5	5	25	<p>Anti-virus software; Firewalls; Geographically distributed servers; Exercised Disaster Recovery plan; Data backed-up and stored off-site; Redundant power supplies; Clustered / virtual servers; Revised security policies; Service business continuity plans; All staff undertake cyber-security training annually; Effective auditing of systems; Regular penetration testing; Network monitoring.</p> <p>The Council subscribes to the National Cyber Security Centre’s (NCSC) Web Check service that helps public sector organisations identify website threats. This service scans public sector websites to check if they are secure.</p> <p>Council ICT systems and website are as secure as possible with current anti-malware software and processes up to date. When vulnerabilities are made known by software vendors, software is promptly updated to reduce the risk of malicious attack.</p> <p>Our ICT infrastructure and processes are accredited against the PSN Code of Connection, PCI DSS, and Cyber Essentials Plus certification.</p> <p>Independent internal and external penetration testing is carried out annually to demonstrate our processes and security stance are adequate.</p> <p>A mandatory on-line cyber training course is completed by all staff annually.</p> <p>A presentation was delivered to members of Audit & Risk Management Committee in February 2025 detailing the cyber threats, the authority’s cyber defences, and how we would respond to an incident. This was to increase Members’ awareness and understanding before receiving assurance or making challenge.</p> <p>An internal audit of our preparedness to protect our systems and data was carried out in 2024 and recommendations from this have now been implemented.</p> <p>Another internal audit is currently taking place looking at the council’s cyber resilience. Cyber security is a rapidly evolving field, making regular audits a recommended best practice.</p>	3	4	12	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
23 – Peter Catchpole (SB/IMG/AB)	<p>Business Continuity / Disaster Recovery (Response to a localised operational issue)</p> <p>Risks:</p> <ul style="list-style-type: none"> Lack of access to Council premises preventing service delivery. Failure of ICT systems. Resources become unavailable. <p>Effects:</p> <ul style="list-style-type: none"> Disruption of service provision. The Council has undertaken a condition survey of Fenland Hall and significant repairs are needed. Failure to secure and manage data leads to loss / corruption / inaccuracy of data, resulting in disruption to services and breaches of security. 	5	5	25	<p>Alarm and security systems; Fire drills; Business continuity plans; ICT disaster recovery plan; Geographically distributed sites; Remote working; Statutory building inspection and checks; Carrying out necessary works to rectify urgent issues; Effective auditing of systems and data held; Data backed-up securely off-site; Regular penetration testing; ICT Disaster Recovery procedures regularly tested; Additional ICT resource has been recruited; Provision of ‘drop down’ facilities for staff: Resilient internet feed to Fenland Hall; Resilience built into ICT infrastructure, where appropriate; Consideration given when a new system is procured or replaced as to whether it would be more appropriate to host this within the cloud in terms of resilience, capacity, performance, and cost.</p> <p>The Council has an Information Asset Register of all records it holds in both paper and electronic form. Worked with IT system suppliers and conducted a staff awareness campaign to ensure that staff understand and are compliant with GDPR; Majority of information held by the Council is held with a legal basis for holding (e.g. Elections and Council Tax records); All staff undergo GDPR training.</p> <p>The likelihood score reflects the global increase of cyber-crime; All Council employees undertake cyber security training; Improved ICT systems provide better/increased opportunities for remote/agile working; Where necessary, staff have the necessary equipment to be able to work away from the office with access to Council systems.</p> <p>All key / priority services have individual business continuity measures in place to maintain service delivery; The Council has implemented Pay Point, which has enabled our residents to pay their bills (by cash or card) in a much greater number locations across the district.</p> <p>Service business continuity plans are currently being updated and reviewed.</p>	4	3	12	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
22 – CMT (SK/All Managers)	<p>Resourcing (Service provision affected by organisational change / insufficient staff)</p> <p>Risks:</p> <ul style="list-style-type: none"> Service provision affected by organisational change, or insufficient staff, to provide Council services. Increased competition from other employers within the same workforce pool. Insufficient leadership and/or management capacity. <p>Effects:</p> <ul style="list-style-type: none"> Constraints to effective workforce planning may lead to poor standards of service, or disruption to service. Service transformation can help build resilience but could also lead to a loss of qualified and knowledgeable staff exposing the council to risk of service failure or legal challenge. Service provision, or performance, affected by organisational change, industrial action, or staff sickness resulting in complaints, poor performance, or possible further costs. 	4	5	20	<p>Learning & development framework / training; Working environment / culture; Staff Committee; Flexible working; Established suite of people policies & procedures; Business continuity plans; Management training; 121s / Springboards / staff development; Service planning process; Access to interim staff; Effective sickness management; Effective governance structures; Audit & Risk Management Committee; Consultation with Management, Trade Union and Staff Partnership group (MTSP); Robust HR management procedures; Regular performance monitoring; Project management processes; Ensure all services have effective workforce plans, which ensure all work is prioritised; Effective succession planning; Effective use of project management approaches / principles when delivering priorities / strategies; Robust management of all organisational change; Culture of council remains effective; Comprehensive programme of health surveillance for groups of employees who work in certain service areas; Trained Mental Health First Aiders; Stress awareness / resilience training; Staff engagement and consultation processes.</p> <p>All services are required to publish service plans, learning requirements and workforce plans to ensure teams are staffed according to current establishment and to take account of priorities and longer-term trends. All service business continuity plans have been updated to ensure that key, priority and statutory services can be maintained in the event of a significant loss of staff through illness or absence.</p> <p>Where necessary, staff have the necessary equipment to be able to work away from the office with access to Council systems. Upskilling our managers to assist in the management of a remote workforce and support the wellbeing of their teams.</p> <p>Even with mitigation in place the challenges of attracting, recruiting and retaining staff is becoming increasingly difficult.</p> <p>All organisational changes must be supported by a full rationale and business cases and are considered by senior management; Proposed changes are subject to a consultation process, and then progressed by a wider project group to ensure all service provision issues are considered and managed. This project management approach is maintained for all such changes/programmes, and is supported by communication, engagement and training support for staff groups affected.</p> <p>The Council has a health and wellbeing programme in place which supports the existing suite of policies, codes of practices and processes, this includes a wide range of support to help promote and encourage their good health and wellbeing.</p> <p>With the impending Local Government Reorganisation, it is envisaged that recruitment of vacant posts may be more difficult to fill, and retention of staff may prove to be more of a challenge. This will be closely monitored going forward where we will be looking at quarterly statistics.</p> <p>We have developed a new Management Development Programme for all existing, new and aspiring managers, which will further upskill our management population around their management skills, enabling them to support and develop their teams more effectively.</p> <p>We have delivered additional 'Managing Change' skills workshops to our management population to help them prepare their teams and themselves for the forthcoming changes. We will shortly be delivering 'Coping with Change' workshops for the wider workforce.</p> <p>As we approach LGR there is the risk that attrition rates will increase due to uncertainty, but this will be closely monitored.</p>	3	4	12	<p>We are actively tracking staff resources and the reasons given when anyone leaves. We are not seeing these reasons as being related to LGR.</p> <p>Unison have indicated their intention to ballot members for strike action in July due to the national pay offer. We are closely monitoring this situation.</p>

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
1 - CMT	<p>Local Government Reorganisation (LGR) Programme of local government reorganisation for two-tier areas and neighbouring unitary councils.</p> <p>Risks:</p> <ul style="list-style-type: none"> • Disruption due to cancellation of LGR programme. • Difficulty recruiting new staff. • Difficulty retaining current staff. • Financial issues if LGR is cancelled or delayed. • Procurement challenges. • Normal control and procedures not being followed. • Impact on partnership arrangements. <p>Effects:</p> <ul style="list-style-type: none"> • Reduced workforce. • Budgetary challenges. <p>Reduced ability to negotiate contracts.</p>	5	3	15	<p>The Government have announced that they will facilitate a programme of local government reorganisation for two-tier areas. They will invite proposals for reorganisation, and take a phased approach to delivery, considering where reorganisation can unlock devolution, where areas are keen to move quickly or where it can help address wider failings. New unitary councils must be the right size to achieve efficiencies, improve capacity and withstand financial shocks. For most areas this will mean creating councils with a population of 500,000 or more, but there may be exceptions to ensure new structures make sense for an area, including for devolution, and decisions will be on a case-by-case basis. Members have begun reviewing priorities since the announcement of LGR.</p> <p>FDC is working in collaboration with partner authorities. A 'workforce' workstream has been created to consider all staffing issues.</p> <p>Reduced contract lengths could increase costs. The need to negotiate novation clauses in contracts.</p> <p>The General Fund Budget Estimates and Medium-Term Financial Strategy (MTFS) Report, agreed by Cabinet and Council in February, projects a financial shortfall for 2025/26 of £1.432m increasing year on year amounting to around £3.4m by 2027/28. Although there are currently many uncertainties regarding the budget for 2025/26 and the MTFS, there remains a significant structural deficit which the Council will need to address.</p> <p>A Programme Manager has now been appointed to deliver LGR and will commence towards the end of this financial year.</p> <p>Leads have been assigned from each partner to the 9 workstreams. These meetings commenced at the end of January.</p>	4	3	12	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
10 – CMT (SK)	<p>Health & Safety (Major health and safety incident)</p> <p>Risk: Major health and safety incident.</p> <p>Effect: Major health and safety incident at leads to costs for inquiry, disruption to service, and possible prosecution.</p>	4	4	16	<p>Health and Safety Policy / Codes of Practice; Quarterly meetings of Council Health & Safety (H&S) Panel; H&S Management System based on HSG65 (Plan, Do, Check, Act); H&S audits in all services; Specialist H&S Advisor; Corporate wide H&S training; Insurance; Aligned Port health and safety arrangements; Port Management Group and annual independent audit; Robust sickness management processes; Health and safety standing item on relevant team meetings; All services represented on H&S Panel meetings; Ensure equipment inventory and inspections are up to date; Collation of all Service Risk Assessment Registers; All high-risk areas have increased systems of management in place, e.g. Port Safety Management Group; Statutory building / equipment inspection programmes in place. Port Annual External Audit. External independent investigations into certain incidents.</p> <p>For all major contracts we ensure providers meet all statutory requirements.</p> <p>A thorough Health and Safety regime at the Council ensures that the residual risk remains carefully managed.</p> <p>Programme of targeted health and safety refresher training is in place as per service specification.</p> <p>Health and safety e-learning courses are now available on the Council e-learning platform.</p> <p>Health and Safety performance is monitored regularly.</p> <p>Flu jabs are being provided for employees, and we also provide a Health Cash Plan scheme for staff (at no cost to the Council).</p>	3	3	9	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
11 – Peter Catchpole / Carol Pilson	<p>Fraud (Fraud and error committed against the Council)</p> <p>Risk: Fraud and error committed against the Council.</p> <p>Effects:</p> <ul style="list-style-type: none"> • Potential for fraud, corruption, malpractice, or error, by internal or external threats. • Immediate financial loss which could harm reputation, and lead to additional costs or penalties. 	4	4	16	<p>Anti-fraud & corruption policy / strategy; Financial regulations / Standing orders; Codes of conduct; Appropriately trained staff; Appropriate culture and risk awareness; Segregation of duties; Supported financial management system; Budget monitoring regime; Internal Audit review of systems and controls; Bribery & corruption / fraud risk assessments; Indemnity insurance; Whistle-blowing procedure; Annual Governance Statement; ARP fraud resource; National Fraud Initiative; Increased staff vigilance; Fraud awareness training for managers; Raised profile internally and externally for successful prosecutions.</p> <p>The Council has assisted with each bi-annual NFI, cross-matching information with records held nationally. The Fraud team within the Anglia Revenues Partnership (ARP) continue to work on this subject.</p> <p>An updated training programme including fraud awareness is now available to all staff. The Procurement Act has now come into force, and refresher training has been developed and rolled out.</p> <p>The current code of practice for registering outside interests has been reviewed by Internal Audit in light of the changes within the new Procurement Act.</p> <p>There will be a new 'due diligence' review for each major procurement carried out (to include conflicts of interest check).</p> <p>NAFN fraud alerts are shared with FDC for awareness and action, allowing us to be alert to a potential known fraud and to put prevention in place.</p> <p>An Internal Audit has been undertaken on Declarations of Interest and improvement actions are underway to improve the declarations and register process.</p> <p>Mandatory on-line training courses have been introduced for all employees and include Anti-Bribery training and a Bribery Refresher course.</p> <p>The Economic Crime and Corporate Transparency Act 2023 became enforceable from September 2025 creating a new offence of 'failure to prevent fraud and making companies liable if they fail to have reasonable measures in place.</p>	3	3	9	

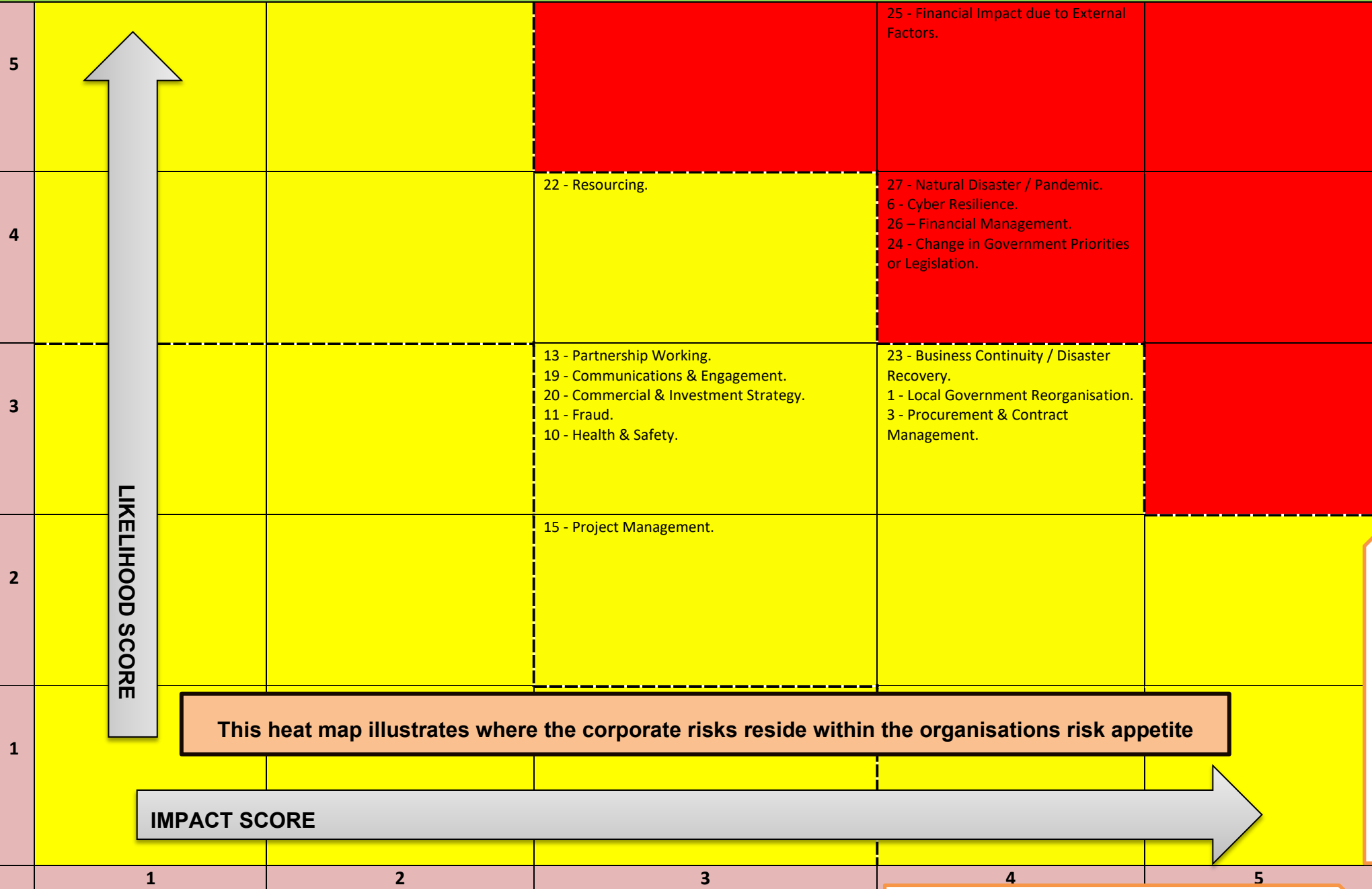
Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
13 – Carol Pilson / Peter Catchpole (All Managers)	<p>Partnership Working (Failure of Governance in major partners, or in the Council, as a result of partnership working)</p> <p>Risk: Failure of governance in major partners, or in the Council, as a result of partnership working.</p> <p>Effect: Partnership governance not adopted or followed leading to unachieved priorities or poor performance by major partner agencies (Cambs. and Peterborough Combined Authority, Anglia Revenues Partnership, CNC Building Control, CCTV).</p>	4	5	20	<p>Cabinet and Overview & Scrutiny; ARP Joint Committee and Operational Improvement Board; Joint risk registers and performance indicators; CNC Joint Members Board; Project plans / performance monitoring; Shared risk registers; PCCA Membership; Assurance that governance models correctly followed, and in the Council's interests; Support Members in governance of partnership bodies; Ensure that the Council's interests are protected as Members of the Combined Authority and as Officers working on joint projects; Ensure all partners have robust business continuity plans in place; GDPR compliance; Robust ICT governance processes; Data protection impact assessments.</p> <p>The Annual Governance Statement being reported to Audit & Risk Management Committee shows the Council is in a strong governance position.</p> <p>Scrutiny of key partners and contract monitoring takes place on an annual basis at O&S and Cabinet members sit on boards to ensure the effective delivery of partnership arrangements.</p>	3	3	9	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
19 – CMT (DW/SK)	<p>Communication & Engagement (Poor communication with stakeholders)</p> <p>Risk: Poor communications with stakeholders.</p> <p>Effects:</p> <ul style="list-style-type: none"> • Poor communication with stakeholders, or staff, leads to poorly informed direction of resources, or lack of support for change. • Reputational damage. • Staff turnover. • Increased sickness absence. 	4	5	20	<p>Regular internal and external publications; Staff and management meetings; Regular staff communication from the Chief Executive; Key stakeholder networks for consultation; Forums for perceived hard to reach groups; Co-ordinated press releases; Comments, Compliments and Complaints monitoring and reporting procedure; Consultation strategy; MTSP; Staff survey; Wellbeing survey; Public consultations on key issues; 3CS refresher training; “What’s Breaking” communication and Vlog updates from the Chief Executive to all staff; Use of social media; Fully updated website.</p> <p>All change projects are supported by a robust project management approach, which includes a communication programme to ensure that stakeholders are fully informed.</p> <p>Regular Chief Executive’s vlog to provide staff with updates on Council projects, share information about the organisation and its day-to-day business, and to be used as an opportunity to answer questions.</p> <p>Staff briefings continue to take place on a quarterly basis to provide updates to all staff.</p>	3	3	9	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
20 – CMT (PC/SW/DH/AG)	<p>Commercial & Investment Strategy (Failure of the Council's commercialisation and investment strategy)</p> <p>Risk: Commercial uncertainties associated with decisions taken as part of the Council's Commercial and Investment Strategy.</p> <p>Effects:</p> <ul style="list-style-type: none"> • Reputational damage. • Financial loss. • Impact on services, staff, or community. 	5	4	20	<p>Robust oversight and governance arrangements; Expert professional advice; Robust budget management; Thorough project management and business cases process; All governance requirements have been put in place; Fenland Future Ltd (FFL) has been constituted, with all appropriate governance requirements in place; Dedicated external expert resources are identified and procured to support where required; Annual audit on all governance arrangements.</p> <p>This risk is closely monitored to enable any new actions for mitigation to be identified and put in place.</p> <p>The Council's Commercial and Investment Strategy has a scoring matrix to inform all potential investment opportunities, which are considered fully by the Investment Board before they are ratified.</p> <p>Full business cases for all identified opportunities are taken to the Investment Board for consideration. This includes deciding on the delivery methodology. i.e. FDC or FFL and resource required to deliver each project.</p> <p>FFL's Business Plan is updated each year and approved by the Council's Investment Board in accordance with the articles of association. Project plans setting out the preferred delivery routes for each of FFL's major projects have been prepared and the two sites now have outline planning permission. Work has progressed on the delivery models needed to develop them.</p> <p>The latest Business Plan will be for 2 years (26/28) and will be going to the Investment Board for approval before the end of March 2026.</p>	3	3	9	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
15 – CMT	<p>Project Management (Over-run of major Council projects in time or cost)</p> <p>Risk: Over-run of major Council projects in terms of time or cost.</p> <p>Effects:</p> <ul style="list-style-type: none"> • Failure to manage projects effectively leads to over-runs of time, or cost, or failure to achieve project aims. • Reputational damage. 	4	5	20	<p>Project Management methodology; Contract standing orders & financial regulations; Service plans; Budgetary control; Management, Cabinet and Portfolio Holder oversight; Forecasting; Horizon scanning; Amended ways of working; Robust project management; Effective risk registers for projects; All projects have a CMT sponsor with experienced management membership; Project management board meetings and oversight; Legal due diligence around grant agreements.</p> <p>Effective project management remains a Council priority.</p> <p>Major projects are closely monitored by CMT and Cabinet members and progress is reported to Council via Portfolio Holder briefings.</p> <p>Governance arrangements around project management have been reviewed and rolled out.</p> <p>New project management software has been introduced to help manage major projects.</p> <p>21 officers are now trained on the APM Fundamentals Qualification, and a Microsoft Project training module has been delivered across the Council.</p>	3	2	6	

Heat Map – Residual Risk



This heat map illustrates where the corporate risks reside within the organisations risk appetite

LIKELIHOOD SCORE

IMPACT SCORE

Risk Appetite

Risk Appetite

Audit & Risk Management Work Programme for 2026.27
(This forms the basic plan but is subject to change as the year progresses)

Meeting	Item	Frequency	Presented by	Description
11 May 2026	External Audit Plan 2025/26	Annual	External Audit	To discuss the External Audit Plan for 2025/26.
	Fraud Information Update - Presentation	One-off	Katey Mills, Anglia Revenues Partnership	A verbal presentation to inform committee of the work and outcomes of the Fraud service at ARP.
	Draft Annual Governance Statement	Annual	Peter Catchpole Deborah Moss	To review and approve the draft annual AGS for publication. Regulation 6(1) of the Accounts and Audit Regulations 2015 requires the Council to conduct an annual review of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS). The CIPFA Finance Advisory Network provides practical guidance for meeting these requirements. <i>Draft AGS is due for publication with the Statement of Accounts by 30th June 2026</i>
	Internal Audit Progress Report	Quarterly	Deborah Moss	To consider and note the activity and performance of the Internal Audit function and the implementation of Audit actions.
	Internal Audit Charter & Risk-Based Internal Audit Plan 2026/27	Annual	Deborah Moss (Head of Internal Audit)	To approve the internal audit plan and resources for the forthcoming year
	Risk Register – Quarterly update	Quarterly	Stephen Beacher (Head of ICT)	To review and approve the quarterly risk register.

Agenda Item 11

	Audit and Risk Management Committee Work Programme	Quarterly	Chair	For information.
27 July 2026	Draft Statement of Accounts 2025/26	Annual	Sian Warren	To review the draft Statement of Accounts 2025/26 (already published by 30 th June 2026).
	Internal Audit Annual Report and Opinion 2025/26	Annual	Deborah Moss (Head of Internal Audit)	To provide the Audit and Risk Management Committee with an overview of the work undertaken by Internal Audit during 2025/26. To provide the Head of Internal Audit's annual opinion on the system of internal control. To consider the effectiveness of Internal Audit.
	RIPA Annual Update	Annual	Amy Brown (Assistant Director)	To review the Council's use of the Regulation of Investigatory Power Act 2000 (RIPA).
	Mandatory Training – verbal update	One-off	Sam King	Mandatory Training – verbal update
	Whistleblowing Policy and Annual Whistleblowing Update.	Annual	Sam King (Head of HR &OD)	To review and approve the Policy and receive an annual update on whistleblowing activity.
	Anti-Fraud & Corruption Policy amendment			To review and approve revision of the policy to include reference to the Economic Crime & Corporate Transparency Act 2023 and offence of 'failure to prevent fraud'. The Committee will be informed of our prevention controls.

	Audit and Risk Management Committee Effectiveness Review and Annual Report 2025/26	Annual	Chair	To review the report of Committee to Full Council on the commitment and effectiveness of the Audit and Risk Management Committee's work from April 2025 to March 2026.
	Exemptions to the Code of Procurement	Quarterly	Peter Catchpole (Corporate Director & S.151 Officer)	To advise of all exemptions to the Code of Procurement signed off since the last report and the reasons for each exemption.
	Risk Register – Quarterly update	Quarterly	Stephen Beacher (Head of ICT)	To review and approve the quarterly risk register.
	Audit and Risk Management Committee Work Programme	Quarterly	Chair / Peter Catchpole	Information Purposes
21 September 2026	Internal Audit Plan 2026/27– Quarterly Update Q2	Quarterly	Deborah Moss	To consider and note the activity and performance of the Internal Audit function, and the implementation of Audit actions.
	Risk Register – Quarterly update	Quarterly	Stephen Beacher (Head of ICT)	To review and approve the quarterly risk register.
	Exemptions to the Code of Procurement	Quarterly	Peter Catchpole (Corporate Director & S.151 Officer)	To advise of all exemptions to the Code of Procurement signed off since the last report and the reasons for each exemption.
	Annual Governance Statement Update 2026/27	Mid-year	Deborah Moss (Head of Internal Audit)	To review and note the progress on the Annual Governance Statement action plan arising from 2026/27.
	Audit and Risk Management Committee Work Programme	Quarterly	Chair	Information Purposes
30 November 2026	External Audit's Value for Money Report 2025/26	Annual	External Audit	To receive the Auditor's VFM Report for 2025/26.

	Treasury Management Strategy Statement and Annual Investment Strategy Mid-year review	6 monthly	Sian Warren (Chief Accountant)	To review the activity for first 6 months of the year and to provide members with an update on matters pertinent to the Councils Treasury Management Strategy.
	Internal Audit Plan 2025/26 – Quarterly Update	Progress report	Deborah Moss (Head of Internal Audit)	To approve the updated internal audit plan and resources for the year. To consider and note the activity and performance of the Internal Audit function. To consider the implementation of audit actions.
	Risk Register – Quarterly update	Quarterly	Stephen Beacher (Head of ICT)	To provide an update to the Audit and Risk Management Committee on the Council's Corporate Risk Register.
	Annual Governance Statement Update 2025/26	Annually	Peter Catchpole Deborah Moss	To review and note the progress on the Annual Governance Statement action plan arising from 2025/26.
	Exemptions to the Code of Procurement	Quarterly	Peter Catchpole (Corporate Director & S.151 Officer)	To advise of all exemptions to the Code of Procurement signed off since the last report and the reasons for each exemption.
	Audit and Risk Management Committee Work Programme	Quarterly	Chair	Information Purposes.
26 January 2027 (proposed new date)	Annual Audit Report 2025/26	Annual	External Audit	To note the independent external auditors, Ernst & Young (EY), Annual Audit Letter
	Audit Results/Completion Report 2025/26	Annual	External Audit	To receive the Audit Results Report on the 2025/26 external audit
	Letter of Representation 2025/26	Annual	Peter Catchpole/Sian Warren	To approve and sign the Letter of Representation for 2025/26
	Final Statement of Accounts 2025/26	Annual	Sian Warren	To approve the final Statement of Accounts

			(Chief Accountant)	for 2025/26
	Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2026/27	Annual	Sian Warren	To endorse the strategy to be included in the final budget report
	Risk Register – Quarterly update	Quarterly	Stephen Beacher (Head of ICT)	To review and approve the quarterly risk register.
	Internal Audit Plan 2025/26 Progress report Q3	Quarterly	Deborah Moss (Head of Internal Audit)	To consider and note the activity and performance of the Internal Audit function, and the implementation of Audit actions.
	Exemptions to the Code of Procurement	Quarterly	Peter Catchpole (Corporate Director & S.151 Officer)	To advise of all exemptions to the Code of Procurement signed off since the last report and the reasons for each exemption.
	Audit and Risk Management Committee Work Programme	Quarterly	Chair	Information Purposes
15 March 2027				
	Internal Audit Charter & Risk-Based Internal Audit Plan 2027/28	Quarterly	Deborah Moss (Head of Internal Audit)	To approve the internal audit plan and resources for the forthcoming year
	Risk Management Policy & Strategy Review and Corporate Risk Register	Annual	Stephen Beacher (Head of ICT)	To provide an update to the Audit and Risk Management Committee on the latest Risk Management Policy and Strategy. To consider and note the annual review of risk management and corporate risk register.
	Exemptions to the Code of Procurement	Quarterly	Peter Catchpole (Corporate Director & S.151 Officer)	To advise of all exemptions to the Code of Procurement signed off since the last report and the reasons for each exemption.
	Audit and Risk Management Committee Work Programme proposed for 2027/28.	Quarterly	Chair	Proposal for 2027/28.

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Cyclical Items (*not due this year unless policy or legislation changes require amendments prior to review date*)

- External Auditor Appointment Process Dec – Feb 2027
- Corporate Debt Policy (4 Years) February 2028
- Anti-Fraud & Corruption Policy and Strategy (4 Years) July 2027
- Anti-Money Laundering Policy (4 Years) November 2027
- Internal Audit Charter (3 years) July 2026
- Whistleblowing Policy *frequency of review to be determined*
- Risk Management Policy & Strategy Review (2 years) March 2027

Annual Items

- RIPA Policy and Annual Update
- Whistleblowing Annual Update.
- Internal Audit Annual Plan
- Internal Audit Annual Report and Annual Opinion
- ARMC Annual Report
- Audit Results Report
- Statement of Accounts
- Letter of Representation
- Annual Governance Statement
-
- External Auditor's Annual Report
- Provisional External Audit Plan
- Treasury Management Annual & mid-year Review
- Annual Governance Statement Update

Quarterly Items (each meeting)

- Internal Audit Progress Report
- Corporate Risk Register Update
- Exemptions to the Code of Procurement

Audit and Risk Management Committee Training sessions 2026/27

To be proposed by ARMC

Audit and Risk Management Committee Action Plan

Title	Comments	Due by	RAG
Committee Training	Committee Members to discuss training requirements and provide officers with suggested training topics for future meetings.	Ongoing	
Report on Independent Member	A paper had previously been brought to committee but is now requested to be brought again for discussion and consideration of whether an independent member is desired and recommendation to Council.	Report taken Dec 24	Completed
Cyber Resilience	Committee to be given more information on our cyber resilience – to take place by the Head of ICT in a closed session with Committee.	Training session planned for 10/02/25	Completed
Corporate Training	Committee asked for an update on the training provision.	Verbal update due at Feb 25.	Completed
Corporate Training	Further update on completion of mandatory training	July 26 meeting	
Fraud update	Committee members requested information on fraud for context and knowledge.	July 26 meeting	

AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME

Abbreviations Used in Audit & Risk Management Committee

AGS	Annual Governance Statement
ARG	Additional Restrictions Grant
ARP	Anglia Revenue Partnerships
BCP	Business Continuity Planning
BEIS	The Department for Business, Energy and Industrial Strategy
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CIS	Commercial Investment Strategy
CMT	Corporate Management Team
CNC	CNC Building Control
CPCA	Cambridgeshire & Peterborough Combined Authority
CPE	Civil Parking Enforcement
CPLRF	Cambridgeshire & Peterborough Local Resilience Forum
CTS	Council Tax Support
CSR	Comprehensive Spending Review
DFG	Disabled Facilities Grants
DPA	Data Protection Act
ECCTA	Economic Crime & Corporate Transparency Act 2023
FFL	Fenland Future Ltd
GDPR	General Data Protection Regulations
GIAS	Global Internal Audit Standards (<i>replaced the PSIAS from April 2025</i>)
IAS	International Accounting Standards
IFRS	International Financial Reporting Standard
LGA	Local Government Association
LGR	Local Government Reform
LGSS	Local Government Shared Services
LRSG	Local Restrictions Support Grants
MHCLG	Ministry of Housing Communities and Local Government
MoU	Memorandum of Understanding
MRP	Minimum Revenue Provision
MTFP	Medium Term Financial Plan
MTSP	Management, Trade Union & Staff Partnership
NFI	National Fraud Initiative
NNDR	National Non-Domestic Rates
OIB	Operational Improvement Board (ARP)
OLTL	Other Long-Term Liabilities
PPA	Post Payment Assurance
PSAA	Public Sector Auditor Appointments
PSIAS	Public Sector Internal Audit Standards (<i>replaced by Global Internal Audit Standards from April 2025</i>)
PWLB	Public Works Loan Board
RIPA	Regulation of Investigative Powers

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