


Agenda Item No:	10	
Committee:	Audit and Risk Management Committee	
Date:	25 February 2025	
Report Title:	Internal Audit Plan 2024-25 Progress Report	

Purpose / Summary

- To report progress against the Internal Audit Plan 2024/25 and the work undertaken since the last meeting of Committee, and the resulting level of assurance from the work.
- To advise of any developments within the Internal Audit Team, amendments to the Plan, and any significant internal control or governance issues.
- To provide a tracking information on the implementation of agreed audit actions and further progress and status update on those actions now overdue.

Key issues

- The Council's Internal Audit Plan is produced on an annual basis. It is an estimate of the work planned for the financial year. 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 format of the plan reflects the Public Sector Internal Audit Standards (PSIAS). It also incorporates the governance and strategic management arrangements of Internal Audit resources. *The new Global Internal Audit Standards (GIAS), launched in January 2024, and the new Application Note for the UK public sector are effective from 1 April 2025 and will replace the PSIAS.*
- Performance Standards of the PSIAS and the new Global IA Standards require the Chief Audit Executive to report to the audit committee on the Internal Audit activity and performance relative to the Plan.
- Audit and Risk Management Committee approved the Internal Audit Plan 2024/25 on 25 March 2024.

- 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.

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
Background Paper(s)	Annual Risk-Based Internal Audit Plan 2024/25 Internal Audit Reports Internal Audit's Agreed Actions Spreadsheet

1 Background / Introduction

- 1.1 This report includes details of the Internal Audit activity undertaken since the last reporting to committee in December 2024.
- 1.2 The annual Internal Audit Plan is formulated in advance, following an assessment of risks inherent to services and systems of the Council based on Internal Audit and Management knowledge at that time. During the period that follows, changes in the control environment may occur due to, for example:
- introduction of new legislation/regulations
 - new risk or issue identified
 - changes of staff
 - changes in software
 - changes in procedures and processes
 - changes in service demand
- 1.3 In respect of Internal Audit resources, the Internal Audit Team remains resourced as previously reported with a resource of 2.5 FTEs which includes the Head of Internal Audit.

2 Monitoring

- 2.1 On completion of each audit a formal report is issued to the relevant Service Manager and 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 actions is monitored on a regular basis.
- 2.2 **Audits completed** (Appendix A): The following audits have been undertaken since the last report:
- Contract Management: Leisure contract – Limited assurance
 - Corporate Assurance - Performance Management – Reasonable assurance
- 2.3 **Audits In Progress:** The following audits are in progress and will be reported to Committee in future progress reports:
- Taxi Licensing (at draft report Jan 25)
 - Recycling Facilities – billing review only
 - ARP – Enforcement
 - Creditors/Accounts Payable – Fundamental key controls
 - Procurement – readiness for the new Procurement Act

In addition, the following audits are being undertaken by our partner councils within the Anglia Revenue Partnership:

- Council Tax
- National Non-Domestic Rates
- Housing Benefit

2.4 **Audit Plan changes:** It is suggested the following changes be made to the Audit Plan:

- Transformation – Removal or possible deferment to the 2025/26 Audit Plan.
- Main Accounting System – to be carried forward to the 2025/26 Plan.

2.5 Overview of the Status of Internal Audit Plan 2024.25.

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

Internal Audit Plan 24.25 - Progress Overview						
Audit Title (by corporate priorities)	Risk Rating in IA Plan	Status (RAG rated)	Audit Opinion Given	Actions		
				High priority	Medium priority	
Contract Monitoring - Highways	Medium	Deferred to 25.26	-			
Communities						
Contract Monitoring - Leisure Services	Medium	Final Report	Limited	0	9	
Economy						
Economic Development - Grant Funding	Medium	Final Report	Substantial	1	0	
Environment						
Licensing - Taxis	Medium	Draft Report				
Material Recycling Facilities (MRF)	Medium	In Progress				
Quality Organisation						
ARP Enforcement (Fundamental)	Medium	In Progress				
Council Tax & Housing Benefits (Fundamental)	Medium	In Progress				
CT & HB – Overpayments (Fundamental)	Medium	In Progress				
NNDR Business Rates (Fundamental)	Medium	In Progress				
Corporate Finance – Managem't Accounting System	Medium	Deferred to 25.26	-			
Creditors / Accounts Payable	High	In Progress				
Insurance	High	Final Report	Reasonable	1	5	
Workforce Planning	High	Not yet started				
Legal Services	Medium	Final Report	Advisory	-	-	
HR - New Payroll System (Post-Implementation Review)	Medium	Not yet started				
Corporate Assurance – Performance Management	Medium	Final Report	Reasonable	1	10	

Corporate Governance – Conflicts of Interest / Registers of Interest	Medium	Planning: TOR being agreed			
Procurement	High	In Progress			
Transformation (TA1) - Value for Money	Medium	Removed	-		
Debtors & Collection Agency - Follow Up	High	Final Report	Limited	-	-
Port Berthings - Follow Up	High	Final Report	Reasonable	-	-
Housing Options - Follow Up	High	Final Report	Reasonable	-	-
Disabled Facilities Grants verification	Medium	Completed	Verified	0	0

2.6 Other audit activities:

- Risk Management Group
- Corporate Governance Group
- Following up outstanding recommendations
- Assurance Mapping of our corporate risks
- Governance Assurance questionnaire
- Assessments for New 2025.26 Internal Audit Plan
- Ad hoc advice to Services
- Engagement with Transformation work

2.6 Outstanding Audit Issues/Recommendations

Appendix B shows the number of outstanding Audit issues split by reporting years 2021/22 to 2024/25. Internal Audit is working with Service Managers to ensure that agreed actions are implemented by the agreed target dates or, if not, that adequate progress is being made, and extensions can be justified. Status and progress updates from the action owner have been included to inform committee what action has been taken to date.

APPENDIX A: Audits completed and their agreed actions.

Audit Area	Overall Audit Opinion	High	Med	Agreed Action
------------	-----------------------------	------	-----	---------------

Appendix A – Completed Audits 2024/25

Contract Management Leisure Contract –	Limited		9	<ul style="list-style-type: none"> • Revise, agree, implement and retain key reporting requirements for the contractor to supply on a regular basis. • Revisit target and start discussion in relation to performance on exercise referrals • <i>Subsidy payments and loans have been made to the contractor over the last 3 or 4 years. Requests for support were received, reported and approved by Cabinet. There may not be recovery of loans/subsidy payments; this will be dependant on the outturn figures. Energy support was funded by a successful Sport England grant application. There has been no financial support this year to date.</i> Annual outturn report should be substantiated • Due diligence checks to be performed on at least an annual basis. • Undertake a review of the annual report and tailor to benefit Fenland. • Review, agree, publish and share Leisure Strategy. Service plan and risk assessment to be completed, together with business continuity plan. • Ensure Property database is up to date and supplied, and is continually and regularly updated. • Ensure attendance for each meeting and a record of actions is recorded and distributed appropriately to ensure officers are aware of their responsibilities and allocated tasks, preventing 'non-action' of issues. • Evidence of FL auditor reports performed at Fenland Leisure Centres for additional assurance.
Corporate Assurance –	Reasonable	1	10	The audit agreed improvements to the performance process:

Appendix A – Completed Audits 2024/25

Performance Management				<ul style="list-style-type: none"> • Each PI or data set should have a robust written procedure/methodology for data collection, verification and calculation methodology, to enhance overall data integrity. • The written procedure be signed off as sufficiently appropriate and robust by the relevant head of service and integrated into the service plans as a commitment for the forthcoming year. • Investigate discrepancies and inaccuracies identified in the audit PI sample for those found not to have been calculated correctly or have an inappropriate calculation methodology. • Monthly reporting to include both in-month and cumulative performance to enhance data accuracy and provide a comprehensive view of performance trends over time. • Verification of PI result data prior to submission including thorough checking and recalculations. This will help mitigate the risk of inaccurate data reporting and ensure the reliability of performance metrics. Services should also retain copy/evidence of the PI calculation each month. • Align targets across documents to ensure that performance targets are consistently reflected in all relevant documents to avoid discrepancies. • The target set for each PI should be reviewed and challenged by the relevant head of service to ensure that the target is appropriate and sufficiently challenging. The target should align with continuous improvement as much as possible and support at least the same as last year's actual performance. • Provide detailed and relevant performance narratives that accurately reflect the performance achieved, to ensure that performance reports are comprehensive and informative. • Each PI should monitor only one performance measure. Modify the necessary PIs to accurately represent only the reported information. This is to ensure the performance data is complete and accurately reflects the intended metrics, thereby
-------------------------------	--	--	--	--

Appendix A – Completed Audits 2024/25

				<p>improving the reliability and usefulness of the reported information.</p> <ul style="list-style-type: none"> Any new objectives or priorities added to the new Business Plan should at the same time have a corresponding performance indicator to ensure performance is measured and reported. Management should consider having more operational PIs that can be used to measure corporate or service-level performance. One example of corporate value could be debt recovery and aged debts. Where Management wants a verification or sample check to be carried out on PI results, it should put in place an arrangement for this to be done within the process and not by Internal Audit. However, where there is a specific concern and demonstrable value, Internal Audit may be occasionally requested to review a PI result for accuracy ahead of the annual report publication. Standardised dates to be formalised to allow for everyone to be aware of expectation deadlines: <ul style="list-style-type: none"> A fixed date the following month by when PI results must be submitted. A standing item for PI report at Management Team fixed for the same week each month. Services to provide a brief commentary to explain any unexpected or poor performance results in the monthly submission, to allow for timely consideration by management ahead of the meeting. Consideration to be given to access and cell protection within the PI spreadsheet to prevent accidental or deliberate alteration. Springboards and other performance discussions should include targets and performance data where appropriate. The Springboard and Service Plan templates should reflect this.
--	--	--	--	--

Appendix A – Completed Audits 2024/25

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 <i>(previously called Adequate)</i>	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.

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, taking into account the PSIAS definition of internal audit, standard definitions for internal audit assurance over an engagement.*

APPENDIX B: Overdue Audit Actions (by reporting year)

Reports on overdue actions are now taken to Management Team to support Services to implement and to allow CMT opportunity to challenge progress and provide additional support where needed.

Action owners are asked to provide an update on the implementation progress in preparation for this report to Committee.

Total Recommendations 2021/22				
	High	Medium	Low	Total
Total Recommendations	6	31	40	77
Implemented/Complete	5	28	39	72
Not Yet Due	0	0	0	0
Overdue	1	4	0	5

NB. This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

Although there are five overdue actions, they are all being progressed and are all almost at completion point.

The outstanding high-risk issue relates to Trading Operations – Port Commercial & Marine where there was no formal agreement with Lincolnshire CC for Cross Keys Marina. provisional agreement has been reached between LCC and Eastern Fisheries as well as FDC re the lease, sub lease and operating agreements for the above facility. Final document reviews are to be signed imminently.

The outstanding medium-risk issues relate to:

The Memorial Safety Inspection Policy is awaiting new software implementation before finalisation.

The Code of Procurement has been written and approved and is awaiting rollout by way of officer training which is planned in. The Procurement Strategy is being finalised in light of any amendments needed following the Business Plan approval and Local Govt Reform.

Standard Terms and Conditions have been finalised and await the software provider to instal them within the system (due to be completed in February).

Total Recommendations 2022/23				
	High	Medium	Low	Total
Total Recommendations	3	11	9	23
Implemented/Complete	3	11	9	23
Not Yet Due	0	0	0	0
Overdue	0	0	0	0

NB. This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

Appendix B – Recommendation Status 2021/22 to 2024/25

All recommended actions for the year 2022/23 have been implemented and closed.

Total Recommendations 2023/24				
	High	Medium	Low	Total
Total Recommendations	9 *	54	5	68
Implemented/Complete	4	26	2	32
Not Yet Due	0	13	1	14
Overdue	4	17	1	22

NB. This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

The high risk overdue actions relate to completion of a cyber action which is to be reperformed again for monitoring in Jan25; and Debtors actions all of which are in progress.

* In light of the local govt reform the creation of an Asset Management Plan has been deleted and the property database will instead be maintained.

The remainder of the overdue and open actions are being monitored for completion by Audit.

Total Recommendations 2024/25				
	High	Medium	Low	Total
Total Recommendations	0	36	0	36
Implemented/Complete	0	0	0	0
Not Yet Due	0	36	0	36
Overdue	0	0	0	0

Audit Actions from 2024.25 remain Open/In Progress.

The implementation of all agreed actions continues to be monitored by Internal Audit.

