


Agenda Item No:	7	
Committee:	Audit and Risk Management Committee	
Date:	24 November 2025	
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, 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 were presented with a draft Internal Audit Plan 2025/26 in July 2025 but agreed to reconsider it when the resourcing within the team had settled.

- 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 dmoss@fenland.gov.uk
Background Paper(s)	Annual Risk-Based Internal Audit Plan 2025/26 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 July 2025 and the work for the audit year against the draft Plan.
- 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 is currently resourced at 2.1 FTEs which includes the Head of Internal Audit leaving only 1.1 FTE Auditors. The remaining 0.4 FTE vacancy is currently being considered as to how best it may be used.

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:
- Payroll (system implementation review) 24.25
 - Corporate Finance – Supplier data amendment process (Anti-Fraud audit)
 - Corporate Finance - Main Accounting System
 - Disabled Facilities Grant verification
 - Corporate Performance Management – Follow-up
 - Payroll (starters, Amendments & Leavers) 25.26
- 2.3 **Audits In Progress:** The following audits are in progress and will be reported to Committee in future progress reports:
- IT Cyber Security
 - Commercial Waste
 - Contract Management – Streetlights
- 2.4 **Audit Plan changes:** It is suggested the following changes be made to the Audit Plan:
- The Plan is presented in its updated format, having been previously presented as a draft due to staffing/resource unknowns.
 - LATCo audit has been postponed due to considerations given to the future of FFL.

2.5 Overview of the 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 those reviews that have 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	Agreed Actions	
					High priority	Medium priority
	Key Financial Systems - Fundamentals					
1	Corporate Finance – Main Accounting System	Medium	Final Report	Reasonable Assurance	0	5
2	Council Tax & Housing Benefits	Medium	Not started			
3	CT & HB – Overpayments	Medium	Not started			
4	NNDR Business Rates	Medium	Scoped			
5	ARP Enforcement	Medium	Scoped			
	Contract					
6	Contract - Streetlights	Medium	In Progress			
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, Amendments, Leavers)	High/Med	Final Report	Reasonable Assurance	0	13
12	Commercial Waste	Medium	In Progress			
13	Cyber Security	High	In Progress			
14	FACT	Medium	Planned			
15	Overtime	High	Not started			

16	Fenland Inspire Projects	High	Not started			
17	Port Management	High	Not started			
18	Corporate - H&S	Medium	Not started			
19	Cemeteries – Follow up	Medium	Not started			
20	Temporary Accommodation	Med/High	Not started			
	Reserve audits:					
	Procurement – Use of Purchase Orders	Medium	Not started			
	Green Waste	Medium	Not started			
	Corporate Governance	Medium	Not started			

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

2.6 Outstanding Audit Issues/Recommendations

Appendix B shows the number of outstanding Audit Actions/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.

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

Appendix A – Completed Audits 2025/26

APPENDIX A: Audits completed and agreed actions.

Audit Area	Overall Audit Opinion	Agreed Audit Actions		Agreed Action
		High	Med	
Creditors – Supplier Amendments (Counter Fraud Control)	Limited	4	0	<p><i>This audit was undertaken to gain assurance that appropriate levels of governance, risk management and internal controls for Creditor Supplier amendments. There is a fraud risk that fraudulent requests for changes to standing data (eg a supplier's bank account change) may be received, and appropriate and robust verification checks need to be in place to ensure that only legitimate requests and changes are actioned.</i></p> <p><u>Actions:</u></p> <p>Procedure note/process map is to be developed to include controls and the verification process for supplier amendments, including the supplier amendment request form where officer verification and approval can be recorded.</p> <p>The new supplier form is to be reviewed to include verification checks and confirmation and details of their completion.</p> <p>Supporting correspondence will now be retained and verification checks formalised and recorded as complete with evidence retained for a complete audit trail.</p> <p>Regular reporting of changes to standing data will be produced and checked by an independent officer.</p>

Appendix A – Completed Audits 2025/26

Corporate Assurance – Performance Management Follow Up	Reasonable	1	10	<p>The audit was a follow up audit to verify the implementation of the agreed audit actions as improvements to the performance process. The audit undertaken last year 24.25 provided a reasonable assurance opinion but also agreed a significant number of actions.</p> <p>This follow up review found that Services had been informed of required changes to be made, but action taken by Services had not been implemented with sufficient depth to say they were now adequate. For example, Services were advised that each PI should have a robust written methodology for data collection, verification and calculation to enhance the overall data integrity and that this should be signed off as sufficiently appropriate by the relevant head of service; whilst basic methodologies may now be in place, the level of detail was not considered sufficient with no reference as to where the data to calculate is obtained from.</p> <p>The review found that the agreed actions were only partially implemented and further work was required.</p>
Payroll – Starters, Leavers & Amendments	Reasonable	0	13	<p><i>This audit was undertaken to gain assurance that there are appropriate levels of governance, risk management and internal controls for Payroll management and processing of starters, leavers and amendments.</i></p> <p><u>Actions:</u></p> <p>Process notes to be written for amendment requests</p> <p>Forms will be amended: Leaver's form to be redesigned to include car loan, electronic loan and educational funding liability within the salary calculation; Digital signatures - forms forwarded by HR to Payroll to include copy of origin email or investigate the possibility of online forms; Intranet forms - consider converting PR/HR forms on intranet to PDF or online forms.</p> <p>Queries to HR to be raised by Payroll via email for evidence trail.</p> <p>Cost centre check spreadsheet shared monthly with Finance.</p> <p>Automatic notification email of Starters/Leavers to be set up in XD for Finance.</p> <p>Pension exceptions report to be run annually to check for employees not enrolled.</p> <p>Trigger for Further Authorisation of outstanding holiday pay to be considered for large amounts.</p>

Appendix A – Completed Audits 2025/26

				<p>Overtime payments – add leavers' overtime check to PR Monthly Task List and Leaver's form.</p> <p>Car Detail Change notification email from PeopleXD to be set up to automatically notify Payroll when an employee changes car details in system, as a prompt to check the Essential Car User allowance is being applied correctly. Biannual HR Update to include message to employees to review & keep car details up to date. Line Managers to be reminded to check car details annually as per staff handbook requirements.</p> <p>System access rights and segregation of duties to be considered.</p> <p>BCP to be updated, current and issued.</p> <p>Data retention - HR to seek further guidance specific to Payroll.</p>
Main Accounting System	Reasonable	0	5	<p><i>This audit was undertaken to gain assurance that there are appropriate levels of governance, risk management and internal controls for the Council's Management Accounting System for income, expenditure and commitments. This includes ensuring the accuracy, completeness, and timeliness of financial records and compliance with relevant regulations and policies.</i></p> <p><u>Actions:</u></p> <p>Procedure notes to be reviewed and developed for all aspects of the management of the Financial Management System Agresso (user maintenance, journal input and authorisation, reconciliation process, suspense account maintenance). They will reflect any changes that will occur as a result of migration to Agresso Cloud.</p> <p>Journal authorisation and authorisers to be reviewed and updated to ensure there is adequate business continuity to cover workload pressures and absence.</p> <p>Investigate and resolve discrepancies with HR/Payroll to reduce the requirement for monthly Payroll amendments, with the potential to eliminate the need completely.</p> <p>Final accounts timetable to be completed regularly as tasks are completed to provide a true and accurate reflection of progress.</p>

Appendix A – Completed Audits 2025/26

				The Finance Business Continuity Plan to be revised and updated.
Disabled Facilities Grants (review and Return)	Reasonable	0	3	<p><i>The review was to support the annual return focusing on verification that grants awarded were only used for specific purpose of funding adaptations for qualified disabled people. During the review of work, some findings and observations were made which resulted in actions agreed to be taken by the Service.</i></p> <p><u>Actions:</u> Cases with client contributions for the last two financial years will be reviewed, the check to include checking contractor invoices for double payment errors.</p> <p>The Action Sheet will be reviewed and updated to provide more detail and enable ease of cross-referencing documents.</p> <p>The carry-forward figure for the year to be easily identified and transparent enable the DFG service to accurately understand their budget position and to support the next audit.</p>

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:

Appendix A – Completed Audits 2025/26

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 (previously called Adequate)	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 – Audit Actions Status (2021/22 to 2024/25)

Reports on overdue actions are 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 regular updates on the implementation progress in preparation for this report to Committee.

NB. The above tables do not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities.

Total Recommendations 2021/22				
	High	Medium	Low	Total
Total Recommendations	6	31	40	77
Implemented/Complete	5	31	39	75
Not Yet Due	0	0	0	0
Overdue	1	1	0	2

Two overdue actions remain:

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. These continue to be chased.

The outstanding medium-risk issue relates to the Memorial Safety Inspection Policy is awaiting new software implementation before finalisation. The Policy was updated in September 2025 and inspections have recommenced using a manual approach. However, the asset management software is to be purchased imminently and will cover memorial inspections which will revert to electronic, and the policy may need a slight adjustment before finalised.

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.

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

Appendix B – Audit Actions Status (2021/22 to 2024/25)

Total Recommendations 2023/24				
	High	Medium	Low	Total
Total Recommendations	9 * (Less 1)	57	5	71
Implemented/Complete	7 (+ 1 deleted)	36	4	47
Not Yet Due	0	0	0	0
Overdue	1	21	1	23

The high-risk overdue action relates to completion of a cyber action: the original action is complete but is intended to be reperformed again for monitoring.

* In light of the local govt reform, management has decided that the creation of an Asset Management Plan is no longer required and will continue with the previous document.

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

Of the overdue actions, 2 are on hold due to LGR considerations and 1 has been stated as extended to 31/12/25.

Total Recommendations 2024/25				
	High	Medium	Low	Total
Total Recommendations	4	63	0	66
Implemented/Complete	1	33	0	37
Not Yet Due	1	2	0	3
Overdue	2	25	0	26 *

* Of the overdue actions, 18 are as follows: 7 show that the owner has extended to the end of Nov 25; 2 are “due to LGR on hold pending outcome with no further work at this time”; and 9 actions relate to the Performance Management audit and were found to be still needing further action at our follow up.

The 2 high risk actions relate to the ongoing succession planning for the insurance function; and establishing a policy for the required use of purchase orders for all purchases, which is now instructed and awaiting services action before being closed as implemented.

Total Recommendations 2025/26				
	High	Medium	Low	Total
Total Recommendations	4	21	0	25
Implemented/Complete	3	3	0	6
Not Yet Due	0	17	0	17
Overdue	1	1	0	2

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