Agenda Item No:	6	
Committee:	**Audit and Risk Management Committee**	
Date:	**17 February 2026**	
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 November 2025, 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 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 dmoss@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 November 2025 and an overview of the work for the audit year against the Audit 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 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.

One point of note is that there is no provision for IT audit within the Service – in terms of either resource or competency. The team has undertaken an audit of Cyber Security and could additionally carry out reviews on areas such as data protection and information retention and security, but technical IT areas are not audited within FDC. A consideration needs to be made with this regard.

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:

- Streetlights
- Cyber Security
- Commercial Waste

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:

- Anglia Revenues Partnership Enforcement
- FACT Community Transport (Concessionary Travel Scheme)
- NNDR Business Rates (undertaken by ARP)
- Corporate Health & Safety
- Cemeteries

2.4 **Audit Plan changes:**

It is anticipated that not all the audit engagements will be completed by the end of the 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
	Key Financial Systems - Fundamentals					
1	Corporate Finance – Main Accounting System	Medium	Final Report	Reasonable	0	5
2	Council Tax & Housing Benefits - Billing & CT Reduction Scheme	Medium				
3	CT & HB – Recovery of Overpayments	Medium	In Progress			
4	NNDR Business Rates	Medium	In Progress			
5	ARP Enforcement	Medium	End of testing			
	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 (Fenland Community Transport)	Medium	End of testing			
15	Corporate - H&S	Medium	In Progress			
16	Cemeteries – Follow up	Medium	In Progress			
17	Overtime	High	Not started			
18	Fenland Inspire Projects	High	Not started			
19	Port Management	High/Med	Not started			
20	Temporary Accommodation	Med/High	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

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 Status Summary

- A total of 176 agreed actions are currently being tracked (from 22/23 to 25/26).
- 111 actions have been completed.
- 64 actions remain open, of which 6 are rated high-risk.
- 43 actions are overdue, including 6 high-risk items.

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 red/high-risk actions that are overdue. These actions are being monitored by Internal Audit and Management Team 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:

- Estates (asset management plan) – management has accepted the risk and does not intend to implement the agreed action.

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	
Streetlights	Reasonable	3	6	*To gain assurance that there are appropriate levels of governance, risk management and internal controls for the management and maintenance of the streetlighting contract and to ensure that there are effective and efficient procedures in place for the repair, upgrade, maintenance, programme and electrical testing of streetlights.* Key Findings: • Incorrect contractor's invoices – double charging of some jobs, and duplicate payments made to the contractor. • Inventory – not updated by contractor, incorrect electrical and structural testing dates for some assets. ▪ Certification - Unable to confirm correct certification has been obtained for each individual streetlight asset. ▪ Supplier contract – not signed. ▪ Service Level Agreements - out of date and unsigned (Clarion). ▪ Admin fee – not charged on the management of streetlights for Parish councils and Clarion. ▪ Contractor's invoices - received late. ▪ Process Notes - No written procedures covering full fault logging process. Other process notes were out of date. ▪ Replacement works – No large-scale replacement works have been issued since commencement of new contract. Agreed Actions: ▪ Incorrect contractor's invoices were found, requiring recovery of the overpayment made by the Council. A control was agreed for amendment of the Rectification database to enable invoice payment checking and avoid duplicate payment. ▪ Inventory - Secure the updated inventory [from the contractor]. ▪ Certification - Engage with the contractor to obtain correct test certificates. Check to confirm all streetlights have been electrically tested and have valid certificate. ▪ Supplier contract – Liaise with supplier to formalise and sign the contract. Contractor's insurances to be rechecked before contract is

				signed.
				- Service Level Agreements – Review expired SLAs in conjunction with new contract alignment. Update and formally agree/ sign revised SLAs with parish councils and Clarion. - Admin fee – Consider and decide whether an admin fee for both Clarion & Parish Councils should be charged. - Contractor's invoices - Engage with contractor to obtain outstanding invoices and ensure invoices are received promptly in future. - Process Notes– for the complete streetlight process and MyFenland checking Database process notes to be updated. - Replacement works– Engage with the contractor to ensure that the Service can schedule and commence large-scale replacement works.
Cyber Security	Reasonable	0	3	*To gain assurance that the Council has robust procedures over governance, risk and control in place in relation to the business objectives and risks over ICT Cyber Security.* Agreed Actions*:* - The Cyber Security Plan will be revised and then presented to the Corporate Governance Group - A suitable suite of reports for CMT will be developed that cover, for example, the number of cyberattack attempts, trends, vulnerabilities, progress on training. - All new staff (and Members) will not have access to Council systems until the Acceptable Use Policy is formally acknowledged, during the induction process and thereafter on an annual basis.
Commercial Waste	Reasonable	0	5	*To gain assurance that the Council has robust procedures over governance, risk and control in place in relation to the business objectives and risks for Commercial Waste. Due to the change in management of the trade waste service and concerns over debt management, it was felt by the Head of Service that an internal audit would be appropriate focusing on the raising of invoices, income collection and debt management.* *Key Findings:* - The Commercial Waste Strategy requires a review and update to be presented to Council for approval. - Single point of failure - Discounts and rates not applied accurately

				when raising invoices
				▪ The Service is not being advised promptly of non-payment of an invoice and the customer continues to receive service despite not paying
				▪ No regular aged debt reporting
				Agreed Actions:
				▪ Develop a procedural manual to avoid single point of failure
				▪ Review and update the Commercial Waste Strategy and present to Council for approval
				▪ Validate that discounts have been accurately reflected in invoiced amounts.
				▪ Establish regular aged debt reporting as part of the service.
				▪ Develop transfer of data from Agresso into Bartec system.
				▪ Introduce regular checks to ensure customers pay their trade waste invoices and a process of chasing non-payers.
				▪ Proactive chasing of overdue invoice by reminder emails or telephone calls.
				▪ Develop and include commercial waste income and debt KPIs in service performance.

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 (previously 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.

Appendix B – Overdue Red/High Risk Agreed Audit Actions @ Jan 26

Audit Area	Agreed Action	Status /Progress
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.
Estates	The Asset Management plan needs to be reviewed and updated to provide a clear outline on the governance, risk and reporting processes for managing assets, acquisitions and disposals. This is a repeat action from the April 2020 Internal Audit Report of Trading operations – Estates.	**LGR Cancellation.** With the advent of LGR Mgt believes that this document is no longer required and we will continue with the previous document and priorities established there. The properties database will be maintained instead.
Cyber Security	The Head of ICT Digital & Resilience should: a) Liaise with MT to ensure that all staff complete the cyber security training annually by monitoring completion regularly, advising heads of service of their completion statistics and escalating the collective statistics to CMT/MT monthly. b) Ensure that an unannounced and appropriate "phishing" exercise is arranged and carried out to test all staff's ability to react to a simulated cyber-attack.	**In Progress** Original actions complete but results showed a need to monitor new training and exercise. Phishing recheck is now imminent and will be completed by end of the financial year.
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.
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.

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 us but were incorrect and so we are awaiting the contractor to correct.