


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

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		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>

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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>

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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

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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.

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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

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Procurement Act Readiness	<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>	-
Main Accounting System	<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>	In progress
Main Accounting System	<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>	In progress
Main Accounting System	<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>	In progress

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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>	

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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.	