

Appendix 1



EAST CAMBRIDGESHIRE
DISTRICT COUNCIL

Internal Audit Progress and Performance Update

January 2026

1. Introduction

- 1.1 The Internal Audit service for East Cambridgeshire District Council provides 210 days to deliver the 2025/26 Annual Audit Plan.
- 1.2 The Global Internal Audit Standards (the Standards) require the Audit Committee to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting and an overview of the performance of the audit team.

2. Performance

Delivery of the 2025/26 Audit Plan

- 2.1 The Internal Audit service has a target to deliver at least 90% to draft report stage by 31st March 2026, which remains on track. Progress on individual assignments is shown in Table 1. All assignments are either complete or in planning/delivery stages.

Are clients satisfied with the quality of the Internal Audit assignments?

- 2.2 To date, five survey responses have been received in relation to feedback on completed assignments for the 2025/26 audit plan. This is summarised on page 6.

Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's control framework?

- 2.3 Since the last Audit Committee update, the Internal Audit team has progressed delivery of the audit plan and one audit report has been finalised.

Bereavement project – embedded assurance – stage 2

- 2.4 This review provides embedded assurance over the project management arrangements for the Bereavement Centre Project during Phase 2 (Stages 4–5). The audit assessed governance, risk management, procurement, resource planning, benefits realisation, and delivery controls to ensure the project remains aligned with strategic objectives and statutory requirements.
- 2.5 Based on the audit review, Internal Audit concluded that the control environment and compliance arrangements are strong. Governance remains robust and multi-tiered, supported by a comprehensive Project Execution Plan. Benefits realisation is well documented, and resource planning is formalised, with delivery supported by internal specialists and external expertise. Risk management processes are evident, with external and internal risk registers and a regularly reviewed Decisions, Issues, Benefits and Actions Log. During the course of the audit, more regular review of internal risk register entries was embedded as standing agenda items. Procurement processes for high-value contracts were assessed as compliant with statutory requirements and the Council's Contract Procedure Rules. Evidence has been provided that change control

arrangements have been established during the latest phase to ensure a structured and formal process for assessing and approving any changes to the project.

- 2.6 Construction commenced ahead of planning consent expiry, and forecast costs remain within the approved budget of £12.96m, supported by regular reporting and contingency controls. Quality assurance is embedded through contractual provisions and specialist oversight, and a live Communications Plan is in place.
- 2.7 Overall, the Bereavement Centre Project continues to demonstrate strong governance, effective risk and cost control, and compliance with statutory and internal requirements. With construction underway and key milestones achieved, the project management arrangements at the time of audit are operating as intended. Further internal audit coverage will take place in the later stages of the project.
- 2.8 Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion	
Control Environment	Good (Green)
Compliance	Good (Green)
Organisational Impact	Low (Green)

Implementation of audit recommendations by officers

- 2.9 Where an Internal Audit review identifies any areas of weakness or non-compliance with the control environment, recommendations are made and an action plan agreed with management, with timeframes for implementation.
- 2.10 Since the last Audit Committee meeting, five agreed actions have been implemented by officers. A further action has been closed rather than implemented, which related to using the Council's asset software to capture all asset management activity. Officers have assessed the system and consider it does not provide all necessary fields so existing controls will remain and be developed further. An overview of actions is provided in Table 2.
- 2.11 At the time of reporting, there is one action which is overdue for implementation – which is more than three months overdue. This relates to the need to undertake a review of the procedures to improve the drafting of contract documents in a timely manner and, therefore, the accuracy of the Contracts Register, with management oversight of completion of such requests.

Table 1 - Progress against 2025/26 Internal Audit Plan

Assignment	Planned start	Status		Assurance sought	Assurance Opinion			
					Control Environment	Compliance	Org impact	Comments
Key financial systems								
Bank reconciliations	Q4	Planning						
Payroll	Q3	Fieldwork underway						
Accounts payable	Q4	Planning						
Accounts receivable	Q4	Fieldwork underway						
Key policy compliance								
Information requests	Q2	Final report issued		To provide assurance over the timely and compliant handling of Freedom of Information (FoI) and Environmental Information Requests (EIRs).	Good (Green)	Moderate (Amber)	Low (Green)	Reported in October 2025
Procurement compliance	Q4	Fieldwork underway						
Risk based audits								
Asset management	Q1	Final report issued		To provide assurance over asset management processes, including both compliance regimes for corporate properties and management of leased assets.	Moderate (Amber)	Good (Green)	Low (Green)	Reported in October 2025
Disaster recovery	Q1	Final report issued		To provide assurance over the Council's disaster recovery arrangements to support restoration of systems in the case of an unplanned outage or incident	Good (Green)	Good (Green)	Low (Green)	Reported in October 2025

Assignment	Planned start	Status		Assurance sought	Assurance Opinion			
					Control Environment	Compliance	Org impact	Comments
Major project – Bereavement Centre	Q3	Final report		To continue assurance over the project management arrangements in place to support delivery of this major project on budget, within timescales and to expected standards. To include assurances at key stages of the project in relation to risk/issue management, governance and decision making, communications, project resources, project planning, quality management, benefits realisation and cost management	Good (Green)	Good (Green)	Low (Green)	See section 2
Staff engagement and support	Q3	Fieldwork complete						
Governance of the trading companies	Q3	Fieldwork underway						
Net Zero	Q3	Planning						
Preparedness for changes in waste regulations	Q3	Draft report						
Governance and Counter Fraud								
Counter Fraud support / promotion / policies	TBC	As required		Not applicable – consultancy work.	Daily monitoring of Report Fraud mailbox			
National Fraud Initiative	TBC	As required		Not applicable – consultancy work.				
Risk management support and real time assurances	Q1 – Q4	Ongoing		Ongoing assurances over the controls listed in the Risk Register and supporting embedding of risk management.	Assurances provided on risk entries throughout the year.			
Annual Governance Statement support	Q1	Complete			N/A			

Table 2 - Implementation of agreed management actions

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and implemented since last Committee meeting	-	-	3	60%	2	100%	5	71%
Action closed	-	-	1	20%	-	-	1	14%
Actions overdue by less than three months	-	-	-	-	-	-	-	-
Actions overdue by more than three months	-	-	1	20%	-	-	1	14%
Totals	-	-	5	100%	2	100%	7	100%

Customer Satisfaction

At the completion of each assignment, the Auditor issues a Customer Satisfaction Questionnaire to each client with whom there was a significant engagement during the assignment. The Head of Service and the Line Manager receive a CSQ for all assignments within their areas of responsibility. The standard CSQ asks for the client's opinion in relation to the assignment. The responses received during the year to date are set out below.

Question	Excellent	Good	Fair	Poor
Quality - How would you rate the overall quality of the internal audit conducted?	5			
Communication - How effective was the communication from the audit team throughout the audit process?	5			

Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Communication - Audit findings and recommendations were clearly explained and documented.	4	1			
Professionalism - The audit team was professional and courteous in their interactions with you.	5				
Value - The audit provided valuable insights and recommendations that will help improve your processes.	2	3			

Question	Yes	No
Quality - Were the audit objectives and scope clearly defined and communicated?	5	
Communication - Did the audit team keep you informed of the audit progress and any issues encountered?	5	

Glossary

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that the Committee might expect to receive.

Compliance Assurances		
Level	Control environment assurance	Compliance assurance
Substantial	There is a sound system of internal control to support delivery of the objectives.	The control environment is operating as intended with no exceptions noted which pose risk to delivery of the objectives.
Good	There is generally a sound system of internal control, with some gaps which pose a low risk to delivery of the objectives.	The control environment is generally operating as intended with some exceptions which pose a low risk to delivery of the objectives.
Moderate	There are gaps in the internal control framework which pose a medium risk to delivery of the objectives.	Controls are not consistently operating as intended, which poses a medium risk to the delivery of the objectives.
Limited	There are gaps in the internal control framework which pose a high risk to delivery of the objectives.	Key controls are not consistently operating as intended, which poses a high risk to the delivery of the objectives.
No	Internal Audit is unable to provide any assurance that a suitable internal control framework has been designed.	Internal Audit is unable to provide any assurance that controls have been effectively applied in practice.

Organisational Impact	
Level	Definition
High	The weaknesses identified during the review have left the Council open to a high level of risk. If the risk materialises it would have a high impact upon the organisation as a whole.
Medium	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a medium impact upon the organisation as a whole.
Low	The weaknesses identified during the review have left the Council open to low risk. This may have a low impact on the organisation as a whole.

Limitations and responsibilities

Limitations inherent to the internal auditor's work

Internal Audit is undertaking a programme of work agreed by the Council's senior managers and approved by the Audit Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers.

There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to Internal Audit's attention.

Internal control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

Future periods

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.