



Internal Audit Progress and Performance Update

November 2024

1. Introduction

- 1.1 The Internal Audit service for East Cambridgeshire District Council provides 210 days to deliver the 2023/24 Annual Audit Plan.
- 1.2 The Public Sector 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 2024/25 Audit Plan

- 2.1 At the time of reporting, 89% of audit work is either complete or underway, including a number of audits scheduled for the last quarter for which planning work has commenced. Progress on individual assignments is shown in Table 1.

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

- 2.2 To date, one survey response has been received in relation to feedback on completed assignments for the 2024/25 audit plan. This is summarised in Table 4.

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 finalised two audit reports. The key findings were as follows:

Decision making and delegations

The Council operates a committee system of governance as prescribed in the Local Authorities (Committee System) (England) Regulation 2012 whereby the Council has established a number of committees, each with a specific area of responsibility and decision-making. The political groups appoint Elected Members to those committees at Annual Council.

The audit was carried out to provide assurance that controls are in place to ensure compliance with the Council's Constitutional arrangements for decision-making and appropriate, recorded use of delegations, which can be accessed via the Council's website.

Based on the audit testing performed, the Council has established sound working practices, with standard operating procedures for the creation of minutes and decision lists, report writing and publication within the specified timescales for decision-making meetings.

The Council has limited decision-making guidance available to Officers. Audit testing found areas where expected controls were not consistently evidenced, primarily in

relation to record keeping, and publication of, delegated decisions. There is scope to strengthen current procedures in this area, with training and support to be provided to Officers on their delegated decision-making roles and responsibilities, to ensure transparency and compliance with relevant regulations.

Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion	
Control Environment	Moderate (Amber)
Compliance	Good (Green)
Organisational Impact	Medium (Amber)

Supporting vulnerable people

Local authorities play a vital role in supporting vulnerable people, addressing their needs and promoting community wellbeing. This audit sought assurance on the Council's arrangements for supporting vulnerable people and meeting its statutory duties.

In summary, the audit found that established governance arrangements are in place for supporting vulnerable people that align to the Council's Code of Corporate Governance. There are up-to-date policies and procedures that govern the Council's statutory duties and Service Leads keep informed of regulatory changes and best practice. Mandatory training on safeguarding, domestic abuse, and equality, diversity and inclusion is in place for all officers and staff in specific roles complete additional specialist training. The Council has several resources that support vulnerable people and it also works with a range of partner organisations across different sectors.

There are several strategies and action plans in place that are designed to support vulnerable people. A range of methods have been used to assess the needs of the community and there are a number of programmes in place to deliver targeted support. The resources available are promoted through various communication channels that are accessible both online and in person. The Council uses external funding and applies for and administers grants to improve the services and support for vulnerable people.

There are data management systems in place to record and monitor information about vulnerable people that the Council is providing support to. Feedback mechanisms and a Community Engagement Strategy are in place to gather views from residents who use the services and resources. Various methods are used to evaluate the effectiveness of the services provided to vulnerable people and there is an agreed schedule to regularly report on services and strategies with established performance indicators.

Based on the work performed during the audit, assurance opinions were given as follows:

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

2.4 Implementation of audit recommendations by officers

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.

Since the last Audit Committee meeting, three agreed actions have been implemented by officers. An overview is provided in Table 2.

At the time of reporting, there are no actions which are overdue for implementation.

2.5 Real time risk assurances

Risk management and compliance with the Risk Management Strategy is the responsibility of the Council's management but Internal Audit is seeking to provide assurance over the effectiveness of the risk management process via these rolling risk assurance reviews.

Internal Audit select risk entries listed within the register on a rolling basis and conduct targeted reviews to confirm that the controls listed on the register are (a) in place and (b) evidenced in practice. Given that there is a reliance upon these controls to manage the key risks and achieve the residual risk scores, the validity and effectiveness of the controls listed will be verified and reported back to the Audit Committee in regular progress reporting.

The content of the risk entry is also reviewed with the lead officer to seek assurance that the current scoring and details reflect the risk environment at this time. Any potential changes in risk scoring or content are fed back to the Risk Management Group for discussion/amendment. Internal Audit do not input into risk scoring or content, maintaining independence from this.

The latest of the rolling risk assurance reviews has been completed and the risk selected was **C7: Climate Change, specifically the failure of the Council to adapt to the changing needs as a consequence of climate change and achieve its goal to be Carbon net zero by 2036.**

At the time of reporting, the current inherent risk scoring for this entry is 12 (4 for likelihood and 3 for impact) and the residual risk is 12 (4 for likelihood and 3 for impact). Assurance has been sought over the existence of the listed controls.

The findings for each control are detailed in Table 3. The risk scoring was not amended as a result of this review.

A RAG (red, amber, green) rating – as defined below Table 3 – has been assigned to each control. The review resulted in some recommendations around the risk entry.

Table 1 - Progress against 2024/25 Internal Audit Plan

Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
Key financial systems							
Bank reconciliations	Q4	Planning					
Accounts payable	Q4	Planning					
Payroll	Q3	Fieldwork underway					
Accounts receivable	Q4	Planning					
Treasury management	Q4	Planning					
Medium term financial strategy	Q3	Fieldwork underway					
Key policy compliance							
Decision making and delegations	Q1	Final report issued	To provide assurance over compliance with the Council's Constitution and scheme of delegation in relation to decision making and evidence of compliance with delegated powers.	Moderate (Amber)	Good (Green)	Medium (Amber)	See section 2.3
UK Shared Prosperity Fund (UKSPF)	Q3	Fieldwork complete					
Procurement compliance	Q4	Not started					


Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
Risk based audits							
Major project – Bereavement Centre	Q1	Draft report					
Supporting vulnerable people	Q1	Final report issued	To seek assurance on the arrangements for supporting vulnerable customers and meeting legal duties (i.e. domestic abuse / antisocial behaviour / safeguarding arrangements / financial advice); adapting to and providing for emerging needs (i.e. cost of living / asylum contingency and dispersal / refugees); and ensuring support mechanisms including cost of living support funds have been designed to meet the needs of the right people and administered in accordance with expected controls.	Substantial (Green)	Good (Green)	Low (Green)	See section 2.3
Housing allocations and homeless	Q4	Planning					
Planning service review	Q4	Not started					
Grant claims	All year	Fieldwork underway					
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.			


Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
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	100%	-	-	3	100%
Actions overdue by less than three months	-	-	-	-	-	-	-	-
Actions overdue by more than three months	-	-	-	-	-	-	-	-
Totals	-	-	3	100%	-	-	3	100%

Table 3: Risk register entries – rolling review of controls

Risk entry			
C7: Climate Change, specifically the failure of the Council to adapt to the changing needs as a consequence of climate change and achieve its goal to be Carbon net zero by 2036.			
Assurance and Findings			
Key Control Reference	Key Control	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
C7.1	Corporate Plan	Amber 	<p>Findings:</p> <p>The key control wording was discussed with the Director – Community to seek clarification. It is recommended that detail is added to this key control to ensure effective action is taken and to allow monitoring and measuring.</p> <p>It was confirmed that the purpose of this key control was to ensure that climate change is included within the following documents:</p> <ul style="list-style-type: none"> • Corporate Plan 2023 – 2027; and • Corporate Plan Action Plan. <p>The Council’s Corporate Plan 2023 to 2027 is published on the website - here. Whilst there is no explicit reference to ‘climate change’ one of the corporate goals is to ‘<i>Enhance the natural environment and build on our sustainable goals</i>’, with the following action ‘<i>work with stakeholders and external organisations to further our sustainability goals and implement our Environment Plan</i>’.</p> <p>The Corporate Plan Action Plan which supports the implementation of the Corporate Plan is updated annually, with the previous year’s progress reported at the same time.</p> <p>The 2024/25 Action Plan and the completed actions from 2023/24 were presented to Council on 25th July 24 - Committee Report (eastcamb.gov.uk). Whilst there is no explicit reference to ‘climate change’ the following actions were reported: 2023/24 (completed action)</p>

Risk entry			
C7: Climate Change, specifically the failure of the Council to adapt to the changing needs as a consequence of climate change and achieve its goal to be Carbon net zero by 2036.			
Assurance and Findings			
Key Control Reference	Key Control	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
			<ul style="list-style-type: none"> All RCVs moved over to HVO and new street cleansing vehicles on order. 2024/25 (new action) Deliver the Climate and Nature Top 20 actions for 2024 – link. <p>Recommendations: Further detail to be included into the 'Corporate Plan' key control to ensure it can be applied effectively, monitored and measured.</p>
C7.2	Annual Climate Change Budget	Amber 	<p>Findings: The key control wording was discussed with the Director –Community to seek clarification. It is recommended that detail is added to this key control to ensure effective action is taken and to allow monitoring and measuring.</p> <p>It was confirmed that the purpose of this key control was to ensure that the Council has allocated a budget to climate control fund action to be taken and show the Council's commitment to acting on climate change.</p> <p>The Strategic Planning Manager confirmed that the Council has committed a budget of £100,000 for climate change and nature recovery (budget code CL002), from which salaries and climate and nature activities are funded. The Climate Change Budget for 2024/25 was approved by Full Council in February 2024 – link.</p> <p>Recommendations: Further detail to be included into the 'Annual Climate Change Budget' key control to ensure it can be implemented effectively, monitored and measured.</p>

Risk entry			
C7: Climate Change, specifically the failure of the Council to adapt to the changing needs as a consequence of climate change and achieve its goal to be Carbon net zero by 2036.			
Assurance and Findings			
Key Control Reference	Key Control	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
C7.3	Environmental Action Plan published each June with results reported the following year.	Green 	<p>Findings: In June 2024, the information within the previously titled 'Environmental Action Plan' had been split into separate documents. The Council's long-term vision is contained in the 'Climate and Nature Strategy'. The Top 20 Actions were set out on a poster and monitoring of the Council's emissions and progress on targets was set out in a monitoring report. All three documents were approved by the Finance and Asset Committee in June 2024 - link.</p> <p>These documents are published on the website – link.</p> <p>Recommendations: None.</p>
C7.4	Roll out of HVO use in refuse collection vehicles (80% of the Council's entire CO2e emissions).	Green 	<p>Findings: The Director - Operations confirmed that the roll out of HVO in refuse collection vehicles has been implemented and that the Council are now exploring extending this into the smaller fleet.</p> <p>Evidence provided via the updated 2024/25 ECSS Business Plan.</p> <p>Recommendations: None.</p>

Risk entry			
C7: Climate Change, specifically the failure of the Council to adapt to the changing needs as a consequence of climate change and achieve its goal to be Carbon net zero by 2036.			
Assurance and Findings			
Key Control Reference	Key Control	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
C7.5	Solar Panels being fitted to the roofs of various Council Buildings.	Green 	<p>Findings: The Director – Community confirmed that fitting of solar panels on Council properties has commenced:</p> <ul style="list-style-type: none"> • 2023 – E-Space North - Solar panels fitted - link. • 2024 – Hive Leisure Centre – Solar panels funding is in place with the initial stages of procurement commenced to find a supplier. • Future project – The Bereavement Centre – Link. <p>Recommendations: None.</p>

Actions from the Strategic Risk Register	
Action	Auditor findings
Carbon Literacy training available for all staff and Councillors.	<p>Carbon literacy training was launched in October 2023, with the target of 50% of staff completion by the end of the summer 2024.</p> <p>The Climate Change and Natural Environment Senior Officer confirmed that at the time of the review, the Council had delivered nine Carbon literacy training sessions. 122 members of staff have attended the course and 81 completed the accreditation process.</p>

Actions from the Strategic Risk Register

Action	Auditor findings
Climate related actions in the Environment Plan top 20 Actions	The Top 20 Actions were set out on a poster. Monitoring of the Council's emissions and progress on targets was set out in a monitoring report. All three documents were approved by the Finance and Asset Committee in June 2024 - link .

RAG Rating Indicator for risk register entry




 Red	Control is not present or not currently operating.
 Amber	Control is not operating fully or consistently in line with risk register entry.
 Green	Control in place and evidenced as operating as stated.

Table 4: Customer satisfaction

At the completion of each assignment, the auditor issues a customer satisfaction questionnaire (CSQ) to each client with whom there was a significant engagement during the assignment. The standard CSQ asks for the client's opinion on four key aspects of the assignment. The responses received in the year to date are set out below.

Aspects of Audit Assignments	Not applicable	Outstanding	Good	Satisfactory	Poor
Design of Assignment	-	1	-	-	-
Communication during Assignments	-	1	-	-	-
Quality of Reporting	-	1	-	-	-
Quality of Recommendations	-	1	-	-	-
Total	-	4	-	-	-

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.