



East Cambridgeshire District Council

Meeting: Audit Committee

Time: 2 pm

Date: Tuesday 31 March 2026

Venue: Council Chamber, The Grange, Nutholt Lane, Ely, CB7 4EE

Enquiries regarding this agenda: Patrick Adams

Telephone: (01353) 616298

Email: patrick.adams@eastcambs.gov.uk

Committee membership

Quorum: 3 members

Conservative Members

Cllr David Brown (Chair)

Cllr Keith Horgan

Cllr Lucius Vellacott (Vice-Chair)

Substitutes:

Cllr Christine Ambrose Smith

Lay Member

Stephen Joyce

Lead Officer

Jude Antony, Director Finance

Liberal Democrat and Independent Group Members

Cllr Lorna Dupré

Cllr James Lay

Cllr Ross Trent

Substitutes:

Cllr Mark Inskip

Cllr Gareth Wilson

AGENDA

- 1. Public Question Time** [oral]
The meeting will commence with up to 15 minutes public question time
- 2. Apologies and Substitutions** [oral]
- 3. Declarations of Interest** [oral]
To receive declarations of interest from Members for any Items on the Agenda in accordance with the Members Code of Conduct

4. Minutes	Page 5
To confirm as a correct record the Minutes of the meetings of the Audit Committee held on 20 January 2026	
5. Chair's Announcements	[oral]
6. External Audit Plan for 2025/26	[oral]
7. Internal Audit Work Plan for 2026/27	Page 11
8. Internal Audit Progress Report	Page 23
9. Internal Audit Charter and Mandate	Page 37
10. External Audit Recommendations Update	Page 51
11. Forward Agenda Plan	Page 55

NOTES:

1. Members of the public are welcome to attend this meeting, but they are asked, where possible, to notify the Democratic Services Manager (jane.webb@eastcambs.gov.uk) in advance. Members of the public can gain entry by reporting to Reception during Office Hours or can enter via the door in the glass atrium at the back of the building for evening meetings.

The meeting will be webcast and a live stream of the meeting will be available. Further details can be found at <https://eastcambs.gov.uk/node/2654> Please be aware that all attendees, including those in the public gallery, will be visible on the livestream.

2. Public Questions/Statements are welcomed on any topic related to the Committee's functions as long as there is no suspicion that it is improper (e.g. offensive, slanderous or might lead to disclosures of Exempt or Confidential information). Up to 15 minutes is allocated for this at the start of the meeting. Further details about the Public Question Time scheme are available at: <https://eastcambs.gov.uk/about-council/meetings-agendas-and-minutes/public-participation-meetings>
3. The Council has adopted a 'Purge on Plastics' strategy and is working towards the removal of all consumer single-use plastics in our workplace. Therefore, we do not provide disposable cups in our building or at our meetings and would ask members of the public to bring their own drink to the meeting if required.
4. Fire instructions for meetings:
 - If the fire alarm sounds, please make your way out of the building by the nearest available exit i.e. the back staircase or the fire escape in the Chamber. Do not attempt to use the lifts.
 - The fire assembly point is in the front staff car park by the exit barrier.
 - The building has an auto-call system to the fire services so there is no need for anyone to call the fire services.

The Committee Officer will sweep the area to ensure that everyone is out.

5. Reports are attached for each agenda item unless marked “oral”.
6. If required, all items on the agenda can be provided in different formats (e.g. large type, Braille or audio tape, or translated into other languages), on request, by calling Main Reception on (01353) 665555 or e-mail: translate@eastcambs.gov.uk
7. If the Committee wishes to exclude the public and press from the meeting, a resolution in the following terms will need to be passed:

“That the press and public be excluded during the consideration of the remaining item no(s). X because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item(s) there would be disclosure to them of exempt information of Category X of Part I Schedule 12A to the Local Government Act 1972 (as amended).”



Minutes of a meeting of the Audit Committee

Held in the Council Chamber, The Grange, Nutholt Lane, Ely
on Tuesday, 20 January 2026, at 2:00 pm

Present Cllr David Brown (Chair)
Cllr Keith Horgan
Cllr Lucius Vellacott (Vice Chair)
Cllr Lorna Dupre
Cllr James Lay
Cllr Ross Trent
Stephen Joyce – Independent Lay Member

Officers Jane Webb – Democratic Services & Elections Manager
Jude Antony – Director Finance & S151 Officer
Maggie Camp – Director Legal

In Attendance Rachel Ashley-Caunt – Chief Internal Auditor (IA)
Anastasia Lukhtan – External Audit (EY)
David Riglar – External Audit (EY)

26. Public Question Time

No public questions were received.

27. Apologies and Substitutions

No apologies were received.

28. Declarations of Interest

No declarations of interest were made.

29. Minutes

The Committee received the Minutes of the meeting held on 21 October 2025.

It was resolved:

That the Minutes of the meeting of the Committee held on 20 October 2025 be confirmed as a correct record and be signed by the Chair, subject to the following minor amendment:

Minute 22: Addition of “The Chief Internal Auditor agreed to meet with Cllr Horgan to discuss ARP.”

Members discussed the potential benefit of the Committee adopting a Minutes Action Log. The Chair agreed to consider this.

30. Chair's Announcements

The Chair announced that the Committee would address Item 7 – External Audit Update for 2024/25 prior to Item 6 – Statement of Accounts 2024/25.

31. External Audit Update Plan 2024/25

The Committee reviewed the External Auditor's report regarding the Audit Update for 2024/25 (reference AA121, previously circulated). David Riglar, the External Auditor, presented the Plan and noted an omission in Appendix B regarding the Summary of Assurances: Investments should have been included, and categorised as substantial assurance. He also addressed questions from the Committee members.

The Director of Finance reported that despite capacity pressures, the Council published a draft set of accounts on time. However, EY identified weaknesses in the draft's quality and audit readiness, which have been acknowledged. To address these issues, an Interim Technical Accountant has been appointed, and a Principal Accountant with strong local government experience has also been recruited. These steps directly address the audit's recommendations on capacity, technical skills, and financial statement quality, with an emphasis on ongoing improvements.

Response from External Audit to Questions from Members

1. Investments from the previous year would have been categorised as substantial.
2. The only changes to the accounts from January 6 to the backstop date are the inclusion of investments listed in Appendix B and the updates regarding two outstanding areas: Taxation Grants, which have moved to substantial assurance, and Staff Costs, which now have no assurance. At this point, there is only the capacity to conclude and finalise the audit, with no additional audit procedures to be conducted.
3. Effective communication between the external audit and finance teams early on revealed that the finance team could not provide the necessary evidence in the required format. Changes to work timelines have increased pressure and shortened deadlines. Conversations and workshops have already taken place, and matrices have been provided to ensure that these gaps are closed by 2025/26.
4. Regarding the impact of the fee scale on the audit fees, it is important to note that the Public Sector Audit Appointments (PSAA) appoint the External Auditors. The PSAA will determine the framework for what needs to be submitted to evaluate any additional fees. Currently, there is no established figure for this, and the PSAA has recommended that this information should not be included in the audit reports, as it is essential for the submission process and requires supporting evidence first.
5. It was agreed that the outcome of this audit was a foregone conclusion, resulting in a disclaimed opinion that the Council could not have avoided.

6. It was agreed that the Director Finance gave assurance by accepting the auditor's findings and explaining the process to rebuild the team's strength, demonstrating ownership and confidence.
7. The draft representation letter was a standard representation letter.
8. It was explained that 80% of other Councils' audits were still incomplete; only around 20% will qualify. Some of the gaps in East Cambs are short-term and can therefore be easily rectified, meaning assurance can be rebuilt within one year.
9. EY had no capacity over the next 6 weeks to complete any further work on the audit, only to conclude the work conducted.
10. EY stated they usually dealt with Finance Teams of 5 or 6 people answering questions to the External Audit; yet at East Cambs, all questions fell to the Director of Finance, therefore, there were capacity issues. The Chair added that new appointments have since been made.

It was resolved:

To note the update.

32. Statement of Accounts 2024/25

The Committee considered a report on the Council's Statement of Accounts for 2024/25 (AA120, previously circulated). The Director of Finance introduced the report.

Cllr Vellacott proposed, and Cllr Horgan seconded the recommendation in the report.

Members asked questions, made comments, and received responses:

1. A breakdown/explanation of the key areas of underspend, e.g., Mandatory Disabled Facilities Grant within Capital Spending in the Annual Financial Report, would be provided after the meeting.
2. The Director Finance confirmed that the figures within the 'Net Cash Flows from' box were correct and the wording underneath was incorrect.
3. A reason for the significant increase in the employee line between 2023/24 and 2024/25 will be circulated after the meeting.
4. An explanation for the income reduction in Building Control by c£30k, resulting in an overall loss of c£119k, would be circulated after the meeting.
5. An explanation as to why properties under the Collection Fund, Council Tax section, were represented with decimal values instead of whole numbers would be circulated after the meeting.

Cllr Dupre proposed an amendment to the recommendation. This amendment was seconded by Cllr Lay, as follows:

Removal of 2.1 of the recommendation and insert, "To convene a further meeting of Audit to review progress on the Statement of Accounts prior to the back stop date and consider whether to sign off the Statement of Accounts."

A discussion took place, and the following points were raised:

- There was not enough assurance to sign off on the account, and there was still too much amber and red, but there was still time between now and the end of February; the amendment would be helpful. More work was needed before the Statement of Accounts, and a separate assurance was required that the money existed.
- Internal Audit was happy to have a conversation outside the meeting to see whether they could provide any assurance but added that this was not their area.
- Other Members thought it unnecessary to defer the Statement of Accounts as no further work was forthcoming from the external auditors, and any necessary tweaks could be signed off by the Chair and S151 Officer.

The Director of Finance assured Members that he would circulate all requested details within two days and stated that the numbers within the Statement of Accounts were correct, although some of the narrative was incorrect.

A vote was taken on the amendment with three votes for and three votes against. In accordance with Council Procedure Rule 9.1.4, the Chair had a casting vote, which he used to vote against the amendment, and the amendment fell.

A vote was taken on the recommendation as set out in the report, with three votes for and three votes against. In accordance with Council Procedure Rule 9.1.4, the Chair had a casting vote, which he used to support the recommendation, and the recommendation was carried.

It was resolved:

- That the Statement of Accounts 2024/25 be approved.
- The Chair of Audit Committee and Director Finance be authorised to sign the Statement of Accounts and Letter of Representation on behalf of the Council (making any changes necessary), prior to final sign-off by Ernst and Young (EY) before the 27 February 2026 backstop date.

33. Internal Audit Progress Report

The Committee received a report on the Internal Audit Progress Report (AA122, previously circulated), presented by Rachel Ashley-Caunt, Chief Internal Auditor.

The Chair proposed, and the Cllr Horgan seconded the recommendations in the report.

Members asked questions, made comments, and received responses:

- There were no emerging issues.
- There was one action that was overdue; this would be referred to the Monitoring Officer, and details would be sent out after the meeting.

It was unanimously resolved:

- To note the progress made by Internal Audit in the delivery of the Audit Plan and key findings.

34. Risk Register Update

The Committee considered a copy of the latest Corporate Risk Register (AA123, previously circulated), presented by Jude Antony, Director Finance.

The Chair proposed, and the Cllr Vellacott seconded the recommendations in the report.

Members asked questions, made comments, and received responses:

- Can the whole Risk Register be brought up to date?
- It is the Risk Management Team's responsibility to identify new risks to be included in the Risk Register; these have been LGR and fair funding.
- It was agreed that the Risk Management team would be asked to look at the following:
 - C1 - Could the score be reviewed, considering the recommendations from External Audit?
 - C3 - Should there be a reference to External Audit?
- C4 – Data Protection – The next staff training is scheduled for late January 2026, and in 24/25, 100% of staff completed the training. The Monitoring Officer confirmed that only eight councillors had completed the training.
- C2 – IT Security – The planned Disaster Recovery Exercise did not take place in September 2025 due to a network migration that took place, but it is scheduled for 7 February 2026.
- B3 – The Council is in a strong financial position, and currently, the Council does not believe that it must make any deductions for savings for 2028/29.
- Several requests were made.
 - A5 – For the Cambridgeshire Poverty Strategy to be added.
 - B1 – For quotes to be taken off “cost of living”.
 - C7 – To confirm date.
 - D8 – Check the residual colour column.
- D8 – It was confirmed that the Council were facing challenges with recruitment.

It was unanimously resolved:

- To note the Corporate Risk Register.

35. Forward Agenda Plan

The Committee received the Forward Agenda Plan.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 3:50 pm.

Chair:.....

Date:

Title: Internal Audit Plan 2026/27

Committee: Audit Committee

Date: 31st March 2026

Author: Chief Internal Auditor

Report No: AA179

Contact Officer:

Rachel Ashley-Caunt, Chief Internal Auditor

Rachel.ashley-caunt@northnorthants.gov.uk

1.0 ISSUE

1.1. The report seeks the Committee's approval of the Internal Audit Plan for 2026/27.

2.0 RECOMMENDATION(S)

2.1. That the Committee approves the Internal Audit Plan for 2026/27.

2.2. That the Committee approves delegation to the Finance Director, in consultation with the Chair of the Audit Committee, to approve amendments to the Internal Audit Plan, if required.

3.0 BACKGROUND/OPTIONS

3.1. The role of Internal Audit is to provide the Audit Committee, and management, with independent assurance on the effectiveness of the internal control environment. The Global Internal Audit Standards (section 9.4) state that the 'chief audit executive must create an internal audit plan that supports the achievement of the organization's objectives' and 'the chief audit executive must base the internal audit plan on a documented assessment of the organization's strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive's understanding of the organization's governance, risk management, and control processes'.

3.2. The Internal Audit plan for 2026/27 has been developed based on an assessment of the Council's Corporate Plan and Risk Register, and in consultation with senior management. The Chief Internal Auditor has also considered the Internal Audit coverage over the last four years and any areas where audit assurances or follow up work may be of value.

3.3. The draft audit plan is provided in Appendix 1, along with details on the audit planning process.

3.4. In order to support the Internal Audit service in being responsive to changes in the risk environment, it is recommended that a delegation be approved to enable the Chief Internal Auditor to obtain approval for in year amendments to the plan from the Director Finance (s151 Officer) and Chair of the Audit Committee. Any such

amendments would be reported at the subsequent meeting of the Audit Committee.

4.0 ARGUMENTS/CONCLUSION(S)

- 4.1. The attached report (Appendix 1) provides the Committee with the proposed Internal Audit plan for 2026/27 for approval.

5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

- 5.1. There are no additional financial implications arising from this report. Equality and Carbon Impact Assessments are not required.

6.0 APPENDICES

Appendix 1 – Internal Audit Plan 2026/27

Background Documents:

None



Internal Audit Plan 2026/27

East Cambridgeshire District Council

Internal Audit Plan 2026/27

1. Introduction

- 1.1 This report sets out the proposed work of Internal Audit at East Cambridgeshire District Council for 2026/27 for review and approval by the Audit Committee.
- 1.2 Internal Audit provides independent assurance designed to add value and support the Council in achieving its priorities and objectives. To deliver this, East Cambridgeshire District Council commissions 210 days for delivery of the Internal Audit service on an annual basis.
- 1.3 The provision of assurance services is the primary role for Internal Audit in the public sector. This role requires the Chief Internal Auditor to provide an annual Internal Audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 1.4 Internal Audit also provide consultancy services which are advisory in nature and are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion. Any proposed consultancy/advisory work is clearly specified as such on the Audit Plan.
- 1.5 The Global Internal Audit Standards require the internal audit plan to:
- a) Consider the internal audit mandate and the full range of agreed-to internal audit services.
 - b) Specify internal audit services that support the evaluation and improvement of the organisation's governance, risk management, and control processes.
 - c) Consider coverage of information technology governance, fraud risk, the effectiveness of the organisation's compliance and ethics programs, and other high-risk areas.
 - d) Identify the necessary human, financial, and technological resources necessary to complete the plan.
 - e) Be dynamic and updated timely in response to changes in the organisation's business, risks operations, programs, systems, controls, and organizational culture.

2. The Audit Plan

- 2.1 The Audit Plan covers the two key component roles of Internal Audit:
- The provision of an independent and objective opinion to the Section 151 Officer and the Audit Committee on the degree to which risk management, control and governance support the achievement of Council objectives; and
 - The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.
- 2.2 Central to the organisation, is the core delivery of the Council's objectives and corporate plan. The risk based audits are focused upon providing independent assurance over the controls in place to support delivery of those objectives and manage the strategic risks.

2.3 In order to protect the Council in delivering these objectives, it is essential that the Council's key corporate controls and policies are operating effectively to prevent the risk of financial loss, failure to comply with legislation, lack of accountability and reputational damage. These controls and policies cover both financial and non-financial systems and processes. These policies and controls must be complied with by all service areas to secure the Council's ongoing stability and service delivery.

2.4 Further protecting and underpinning the Council's ongoing delivery of its objectives are robust counter fraud controls and good governance. Without these, the Council would be exposed to the risk of fraud and corruption (both internally and externally), uninformed or non-transparent decision making, loss of accountability and direction, poor risk management and failure to embed and demonstrate ethical behaviours and values.

2.5 As such, the Audit Plan is designed to deliver independent, objective assurance on each of these areas – which are vital to the successful delivery of the Council's objectives and services.

Value for money

2.6 In addition to assurance over governance, risk management and controls, the Audit Plan should also provide assurance over the Council's delivery of value for money. Assurance over value for money is embedded within each audit assignment.

2.7 Some of the corporate level audits will provide specific assurances in relation to the value for money requirements – the audit of procurement compliance, for example, will seek assurance over the effective procurement of supplies and services.

Fraud risks

2.8 In the scoping of every audit assignment, consideration is given to any fraud risks associated with the processes under review. These are specifically considered for any relevant audit coverage.

2.9 In addition, the Internal Audit team also support with pro-active counter fraud work and are available to provide ad-hoc advice and assistance should any concerns be raised. The Council's whistleblowing policy provides Internal Audit as a point of contact for raising concerns and, should any investigation work be required, the team includes officers with the skillset and experience to deliver fact finding investigation work.

3. Planning process

3

3.1 In order to ensure that the Audit Plan for 2026/27 addresses the Council's key risks and adds value, the Chief Internal Auditor has identified and prioritised the areas for coverage by:

- Reviewing the Council's Risk Registers and Corporate Plan;
- Considering the sources of assurance listed against each of the Council's risk entries, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
- Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
- Considering latest finance and performance reporting for areas of underperformance and spend;

- Consulting the Audit Committee on risk areas for consideration; and
- Meeting with members of Corporate Management Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

3.2 The process has also incorporated consideration of potential audits which can be undertaken by drawing upon similar emerging themes from all councils with whom North Northamptonshire Council's Internal Audit team works.

3.3 Following this consultation and review, a draft Internal Audit Plan has been compiled and is provided in Table 1. Also provided is a reserve list of areas which were identified in the audit planning process but not prioritised for inclusion based on risk, other sources of assurance or value to be added. This can be reviewed throughout the year should any risk profiles change or new risks emerge.

3.4 In order to ensure the Audit Plan addresses the Council's key risks and that the service is able to respond to any in year changes to the organisation's business, risks, operations, programs or systems, it is vital that the content of the Plan be subject to ongoing review throughout the financial year. To enable the service to be responsive and ensure all audit resources are used effectively and add maximum value, it is recommended that arrangements be agreed to allow changes to the Plan to be made between Audit Committee meetings, involving consultation between the Chief Internal Auditor, the S151 Officer and Chair of the Audit Committee.

Resources

3.5 The audit assignments are delivered by a team of audit staff including a mix of highly regarded professional qualifications (including CIPFA, ACCA and IIA) and extensive experience in the public and private sector. Absences and resource gaps/vacancies can be filled by the wider team, providing the resilience and stability of the delegated service.

3.6 Efforts are constantly made to ensure all clients benefit from the delegated arrangement and this work with multiple local authorities. This includes achieving efficiencies in delivering assignments, sharing of knowledge and experience and opportunities to deliver cross-cutting reviews.

3.7 Every year, all members of the team complete a declaration form to ensure and maintain independence and objectivity in conducting all assignments. As such, the Chief Internal Auditor can confirm the service's independence. The delegated service model also enables the Chief Internal Auditor to allocate audits to various officers over time, to avoid risks associated with over familiarity.

3.8 On an annual basis, the Chief Internal Auditor completes a self-assessment of the Internal Audit service against the relevant Internal Audit Standards. In doing so, the Chief Internal Auditor must consider whether the resource base and mix is adequate and would highlight to the S151 officer and Audit Committee if there were any concerns that the resources in place could not provide the required coverage to inform the annual Assurance Opinion.

Table 1: Draft Internal Audit Plan 2026/27

Assurance areas	Internal Audit assignments and assurances sought	Audit days	Risk entries	Corporate objective	Initial timing (financial year quarter)
Real time assurance work	Risk management Rolling reviews of risk register entries, to confirm that listed controls are in place and operating as stated; and actions recorded on the register are progressing as reported.	10	All	All	All year
Financial system key controls	Bank reconciliation Annual assurances over the bank reconciliation processes and controls.	5	C6	Sound financial management	Q4
	Accounts payable Cyclical assurances over key processes and controls for the payments system.	7	C6		Q4
	Accounts receivable Cyclical assurances over key processes and controls for the sundry debtors system.	6	C6		Q4
	Treasury management Cyclical assurances over key processes and controls for the treasury management activity.	5	C6		Q4
Compliance with key corporate controls and policies	Procurement compliance To provide annual assurance over compliance with the Council's contract procedure rules and the Procurement Act 2023 in the procurement of goods and services. Informs the annual assurance opinion of internal control and value for money.	10	C6 B1	Sound financial management	Q4
	Enforcement policy compliance To provide assurance over consistent compliance with the Council's enforcement policies and improvements made since the 2022/23 audit.	10	C3	Cleaner, greener East Cambridgeshire Sustainable Communities	Q2
	Customer services To provide assurance over consistent compliance with policies and procedures within the customer services team, underpinning delivery of the Customer Charter and Service Standards and ensuring safety of staff in reception areas.	10	C3	-	Q2
Risk based audit coverage	Taxi licensing – 'fit and proper' person checks To provide assurance over the consistent and compliant checks on licensed hackney carriage and private hire drivers and operators.	6	C3	-	Q1
	Corporate health and safety To provide assurance over the Council's arrangements to ensure compliance with	11	C3	-	Q1

Assurance areas	Internal Audit assignments and assurances sought	Audit days	Risk entries	Corporate objective	Initial timing (financial year quarter)
	the Health and Safety at Work Act 1974 - including in the office, remote working and travelling for work.				
	Business continuity management To provide assurance over the Council's arrangements to support continuity, or recovery, of service delivery in the case of an unplanned incident or event.	8	C1	All	Q1
	Agency staff To provide assurance over the Council's use of agency staff, including implications arising from tax reforms.	7	C3	Sound financial management	Q2
	Cyber security Regular coverage, to include consideration of Institute of Internal Auditors (IIA) topical requirements, as published in 2026, and potential coverage on third parties.	10	C2	Sound financial management	Q2
	S106 monitoring To provide assurance over the monitoring of s106 developer contributions and use of monies collected.	8	C3	Sustainable communities	Q3
	Major project – Bereavement centre (embedded assurance) 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 - and in the move to business-as-usual/operations. Includes 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.	10	A8	Sustainable communities Sound financial management	Q3-Q4
	Budgetary control To provide assurance over the management of Council budgets, including reporting on variances and forecasts to inform decision making and flag potential financial risks.	7	B1 B3	Sound financial management	Q4
Governance and counter fraud	Counter fraud support and training (advisory) To support the embedding of the counter fraud culture and policies through delivery of training; monitoring of the Report Fraud mailbox; providing ad hoc advice and support to officers; and counter fraud awareness publicity.	3	C6	Sound financial management	All year
	National Fraud Initiative (advisory) Support with uploading data to the NFI portal and reviewing matches.	6	C6	Sound financial management	All year
Grant claim verification	Including verification of disabled facilities grant spend.	3	-	Sound Financial Management	As required
Revenues and benefits partnership	To seek assurance over the controls operating in the management of revenues and benefits services – given the high volume and value of transactions. To cover controls relating to: Council Tax	35	B1	Sound Financial Management	Q4

Assurance areas	Internal Audit assignments and assurances sought	Audit days	Risk entries	Corporate objective	Initial timing (financial year quarter)
	Benefits & Overpayments National Non Domestic Rates				
Local Government Reorganisation (LGR)	Allocation to support LGR activity, including assessing against latest guidance and liaising with partners.	5	C8		As required
Support to East Cambridgeshire District Council	Including ad-hoc advice and assistance, annual Internal Audit report, assessments and partnership working with external auditors.	13			
Follow up of audit recommendations	Monthly follow ups on all open audit recommendations and review of evidence supplied.	5			
Supporting and reporting to Audit Committee and management	Reporting and attendance at Audit Committee and Member training, as required.	10			
Total days		210			

Table 2: Reserve list 2026/27

Assurance areas	Potential assurances
Community Safety and Anti-Social Behaviour	To provide assurance over the Council's handling of anti-social behaviour reports by the Community Safety team, including victim support and responses within required timeframes.
Planning service	To provide assurance over the delivery of the Planning Service against expected service standards and requirements.
Decision making and delegations	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.
IT strategy	To provide assurance over the Council's IT strategy, including action plans, governance and pro-active use of technologies.
E-Space leases	To provide assurance over the leasing of office space at E-Space facilities, including rent reviews and compliance activity.
Health and Wellbeing Strategy	To provide assurance over the arrangements to monitor and report on delivery of this strategy and associated action plans.
Payroll	Testing of key controls in the payroll system. Note: Has been subject to annual reviews for over ten years – high level of assurance consistently in recent years so proposed to skip a year in audit coverage to allow days to be allocated to other risk areas.
Insurance	To provide assurance over insurance coverage.

Title: Internal Audit Progress Report

Committee: Audit Committee

Date: 31st March 2026

Author: Chief Internal Auditor

Report number: AA180

Contact officer:

Rachel Ashley-Caunt, Chief Internal Auditor

Rachel.ashley-caunt@eastcambs.gov.uk

1.0 Issue

1.1. To advise the Committee of the work of Internal Audit completed during the financial year to date, and the progress against the Internal Audit Plan.

2.0 Recommendations

2.1. That the Committee notes the progress made by Internal Audit in the delivery of the Audit Plan and the key findings.

3.0 Background/Options

3.1. The role of Internal Audit is to provide the Audit Committee, and management, with independent assurance on the effectiveness of the internal control environment. Internal audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council’s ability to achieve its objectives.

3.2. Since the last progress report, three further audit reports have been finalised from the 2025/26 audit plan.

3.3. Since the last Audit Committee update, no actions arising from audit reports have been implemented by officers. There are two overdue actions.

4.0 Arguments/Conclusions

4.1. The attached report (Appendix 1) informs the Committee on progress to date against the Audit Plan.

5.0 Additional Implications Assessment

5.1 In the table below, please put Yes or No in each box:

Financial Implications No	Legal Implications No	Human Resources (HR) Implications No
Equality Impact Assessment (EIA) No	Carbon Impact Assessment (CIA) No	Data Protection Impact Assessment (DPIA) No

6.0 Appendices

Appendix 1: Internal Audit Progress report – January 2026

7.0 Background documents

Internal Audit Plan 2025/26



Internal Audit Progress and Performance Update

March 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 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 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 advanced delivery stages.

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

- 2.2 To date, six 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 three audit reports have been finalised. None of the audit opinions given have been less than Moderate Assurance and none have been assessed as posing a High organisational impact – which would impact significantly on the annual opinion. The key findings are summarised below.

Payroll

- 2.4 The payroll audit forms part of the suite of annual reviews to assess the Council's key financial systems. Staff pay costs account for a significant proportion of the Council's total budget; it is therefore important to ensure that a sound framework of controls is in place to minimise the risk of fraud or error. This audit focused on payroll policies and procedures, the processes for adding and removing employees from the payroll system, the approval of Bacs payment files, and the completion of payroll control account reconciliations.
- 2.5 In summary, the audit found that up-to-date policies and procedures on the Council's pay structure and pay enhancements (such as overtime and allowances) are in place. The Council has a managed payroll service provided by MHR with a Service Level Agreement that sets out the roles and responsibilities for each party. Within the Council, there was also appropriate segregation of duties between HR and Finance officers.

- 2.6 Testing found that the processes for adding new starters to the payroll system were working as expected. Employee details were accurately recorded on the system, required actions were completed before adding individuals to the payroll, and first payments had been calculated correctly. Similarly, testing of the processes for leavers found that the processes were operating as intended. Appropriate checks had been completed prior to removing employees from the payroll and final pay adjustments were accurate.
- 2.7 Testing of a sample of Bacs payment files found that the payroll had been appropriately checked and approved by the Council. The total number and value of transactions also agreed to supporting documentation.
- 2.8 Payroll control account reconciliations had been completed in a timely manner, were accurately calculated with no unexplained balancing items, and had been independently reviewed.
- 2.9 Based on the work performed during the audit, assurance opinions were given as follows:

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

Staff support and engagement

- 2.10 The objective of this audit was to provide assurance that the Council has effective arrangements to engage and support staff during the transition, reducing risks to morale, retention, and service continuity arising from Local Government Reorganisation (LGR). The review examined communication and engagement, guidance accessibility, feedback mechanisms, HR policies for flexible working and absence management, training and development provision, and monitoring of absence and turnover trends.
- 2.11 The audit found strong controls in place. A comprehensive Staff Support and Engagement Plan set out clear communication and wellbeing measures through to April 2028. Guidance and support resources are accessible via multiple channels, and wellbeing initiatives such as mental health support and resilience training are established. HR policies for flexible working and absence management are robust, and return-to-work procedures are documented.
- 2.12 Absence and turnover data are monitored quarterly, and a dedicated training budget supports career development. At this early stage, there is no evidence of increased absence or turnover due to LGR, though enhancements such as root cause analysis and proactive communication of policies will strengthen resilience. Overall, the audit provides a good level of assurance, with strong planning and controls in place to manage these risks.

2.13 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)

Governance of trading companies

2.14 The audit sought assurance that the Council’s governance arrangements in relation to East Cambs Street Scene (ECSS) and East Cambs Trading Company (ECTC) continue to support operation in line with agreed contracts and KPIs, maintain effective oversight and risk management processes. Work focused on Teckal compliance for ECSS, contract governance, performance measurement, reporting arrangements and risk management frameworks.

2.15 ECSS continues to operate well within Teckal requirements, supported by regular monitoring and clear shareholder controls. Shareholder Agreements and service delivery contracts are comprehensive, and ECSS performance reporting is frequent, aligned with objectives and underpinned by raw data. For ECTC, performance oversight is supported by quarterly financial reporting and strategic monitoring through the annual Business Plan. Assurances are also provided through the Annual Governance Statement, which reports on achievements, delivery highlights and financial performance.

2.16 Risk management across both companies includes risk registers, quarterly Board reviews and annual oversight through Shareholder Committees.

2.17 Three opportunities for improvement were identified, based on assessment of current arrangements to CIPFA Local Authority Owned Companies: A Good Practice Guide (2022). These relate to formalising procurement arrangements within company governance documents, enhancing quarterly risk reports to include commentary on emerging risks, and developing formal risk management policies and risk appetite statements, including clearer escalation routes into the Council’s corporate risk management processes. These recommendations seek to further strengthen the existing governance framework.

2.18 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, no agreed actions have been implemented by officers. An overview of actions is provided in Table 2.
- 2.11 At the time of reporting, there are two actions which are overdue for implementation. Of these, one is more than three months overdue and 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. The other overdue action is low priority, less than three months overdue, and expected to be completed in March 2026.

Table 1 - Progress against 2025/26 Internal Audit Plan

Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
Key financial systems							
Bank reconciliations	Q4	Fieldwork complete					
Payroll	Q3	Final report issued	To provide assurance over the key controls in respect of: <ul style="list-style-type: none"> • Payroll policies and procedures; • Adding new starters to the payroll system; • Removing leavers from the payroll system; and • Preparation and approval of payroll BACS files. 	Substantial (Green)	Substantial (Green)	Low (Green)	See section 2
Accounts payable	Q4	Fieldwork underway					
Accounts receivable	Q4	Draft report issued					
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	Draft report					
Risk based audits							

Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
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
Major project – Bereavement Centre	Q3	Final report issued	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)	Reported in January 2026
Staff engagement and support	Q3	Final report issued	To provide assurance over the Council's support and engagement with employees, in relation to Local Government Reorganisation, monitoring of recruitment and retention risks and absence management.	Good (Green)	Good (Green)	Low (Green)	See section 2
Governance of the trading companies	Q3	Final report issued	To provide assurance over the Council's management of the trading companies - i.e. contract management arrangements, integrity of performance reporting and risk management.	Good (Green)	Good (Green)	Low (Green)	See section 2
Net Zero	Q3	Fieldwork underway					
Preparedness for changes in waste regulations	Q3	Draft report					
Governance and Counter Fraud							

Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
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	-	-	-	-	-	-	-	-
Action closed	-	-	-	-	-	-	-	-
Actions overdue by less than three months	-	-	-	-	1	100%	1	50%
Actions overdue by more than three months	-	-	1	100%	-	-	1	50%
Totals	-	-	1	100%	1	100%	2	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?	6			
Communication - How effective was the communication from the audit team throughout the audit process?	6			

Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Communication - Audit findings and recommendations were clearly explained and documented.	5	1			
Professionalism - The audit team was professional and courteous in their interactions with you.	6				
Value - The audit provided valuable insights and recommendations that will help improve your processes.	3	3			

Question	Yes	No
Quality - Were the audit objectives and scope clearly defined and communicated?	6	
Communication - Did the audit team keep you informed of the audit progress and any issues encountered?	6	

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.

Title: Internal Audit Charter and Mandate

Committee: Audit Committee

Date: 31st March 2026

Author: Chief Internal Auditor

Report No: AA181

Contact Officer:

Rachel Ashley-Caunt, Chief Internal Auditor

Rachel.ashley-caunt@northnorthants.gov.uk

1.0 ISSUE

- 1.1. To seek the Committee's annual approval of the Internal Audit Charter and Mandate.

2.0 RECOMMENDATION(S)

- 2.1. That the Committee approves the Internal Audit Charter and Mandate.

3.0 BACKGROUND/OPTIONS

- 3.1. The role of Internal Audit is to provide the Audit Committee, and management, with independent assurance on the effectiveness of the Council's governance, risk management and internal control environment.
- 3.2. The purpose of this Internal Audit Charter and Mandate is to define Internal Audit's purpose, authority and responsibility. It establishes the position of Internal Audit's activity within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of Internal Audit activities.
- 3.3. The Internal Audit Charter and Mandate is subject to annual approval by the Audit Committee. The Committee last approved this document in April 2025, when it had been fully reviewed to align with the new Global Internal Audit Standards.
- 3.4. The Charter and Mandate reflects the expected role of the Audit Committee, in accordance with the Global Internal Audit Standards, on pages 4 and 5 of the Appendix.
- 3.5. No amendments to the document are proposed for 2026/27.

4.0 ARGUMENTS/CONCLUSION(S)

- 4.1. The attached report (Appendix 1) provides the Committee with the Internal Audit Charter and Mandate for formal review and approval.

5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

5.1. There are no additional financial implications arising from this report. Equality and Carbon Impact Assessments are not required.

6.0 APPENDICES

Appendix 1 – Internal Audit Charter and Mandate

Background Documents:

None

Internal Audit Charter and Mandate

Purpose of the Internal Audit Service

The purpose of the Internal Audit Service is to strengthen East Cambridgeshire District Council's ability to create, protect and sustain value by providing the Full Council, Audit Committee, Corporate Management Team and management with independent, risk-based, and objective assurance, advice, insight and foresight.

The role of the Internal Audit Service includes:

- Supporting the delivery of the Council's strategic objectives by providing risk-based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls;
- Championing good practice in governance through assurance, advice and contributing to the Council's annual governance review; and
- Advising on governance, risk management and internal control arrangements, including for major projects, programmes and system changes.

East Cambridgeshire District Council's Internal Audit Service is provided by the Internal Audit service at North Northamptonshire Council under a delegation agreement. The Chief Internal Auditor is employed by North Northamptonshire Council and fulfils the role of Chief Audit Executive under the Global Internal Audit Standards.

The Internal Audit Service enhances East Cambridgeshire District Council's:

- Successful achievement of its objectives;
- Governance, risk management, and control processes;
- Decision-making and oversight;
- Reputation and credibility with its stakeholders; and
- Ability to serve the public interest.

East Cambridgeshire District Council's Internal Audit Service is most effective when:

- a) Internal auditing is performed by competent professionals in conformance with Internal Audit Standards, which are set in the public interest.
- b) The Internal Audit Service is independently positioned with direct accountability to the Corporate Management Team and Audit Committee.
- c) Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards in the UK Public Sector

East Cambridgeshire District Council's Internal Audit Service will adhere to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards. This will take into account:

- a) the CIPFA Application Note, which provides a framework for the practice of internal audit in the UK public sector when taken together with the Global Internal Audit Standards; and
- b) the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government, which complements the Global Internal Audit Standards from the perspective of the Head of Internal Audit.

Overall, this means that the Internal Audit Service will adhere to the "Global Internal Audit Standards in the UK Public Sector".

The Chief Internal Auditor will report periodically to the Corporate Management Team and the Audit Committee regarding the Internal Audit Service's conformance with the Standards, Application Note, and CIPFA Code, which will be assessed through a quality assurance and improvement programme.

Authority (Internal Audit Mandate)

East Cambridgeshire District Council's Internal Audit Service mandate is found in two pieces of legislation:

- I. Section 151 of the Local Government Act 1972, requires that authorities 'make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs'.

The Council's Constitution Part 4 – Rules of Procedure state that the Director of Finance, as the s151 officer, has this responsibility.

- II. The Accounts and Audit Regulations 2015 (Part 2: Internal Control, Section 5: Internal Audit) require that: a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

Any officer or member of a relevant body must, if required to do so for the purposes of internal audit –

- a) make available such documents and records; and

b) supply such information and explanations as are considered necessary by those conducting the internal audit.

In this regulation “documents and records” includes information recorded in an electronic form.

This is formalised in the Council’s Constitution (The Financial Regulations (Constitution Part 4 – Rules of Procedure)).

The Internal Audit Service’s authority is created by its direct reporting relationship to the Corporate Management Team and Audit Committee. Such authority allows for unrestricted access and is confirmed in the Council’s Constitution.

The Corporate Management Team and Audit Committee authorise the Internal Audit Service to:

- a) Have full and unrestricted access to all functions, data, records, information, physical property, and personnel that it considers necessary to fulfil its responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information;
- b) Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function’s objectives; and
- c) Obtain assistance from internal or external specialised services to complete internal audit services.

Internal Audit will be appropriately staffed in terms of numbers, qualification levels and experience. The Chief Internal Auditor will report on the adequacy of resources to the Chief Financial (s151) Officer and to the Audit Committee.

Independence, Organisational Position, and Reporting Relationships

The Chief Internal Auditor will be positioned at a level that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the Internal Audit Service. The Chief Internal Auditor will report functionally to the Corporate Management Team and Audit Committee and administratively (for example, day-to-day operations) to the Director of Finance, as the Chief Financial (S151) Officer. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Corporate Management Team and Audit Committee, when necessary, without interference, and supports the internal auditors’ ability to maintain objectivity.

The Chief Internal Auditor will confirm to the Corporate Management Team and Audit Committee, at least annually, the organisational independence of the Internal Audit Service. If the governance structure does not support

organisational independence, the Chief Internal Auditor will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence.

The Chief Internal Auditor will disclose to the Corporate Management Team and Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the Internal Audit Service's effectiveness and ability to fulfil its mandate.

If requested to undertake any additional roles or responsibilities outside of Internal Auditing, the Chief Internal Auditor must highlight to the Audit Committee any potential or perceived impairment to independence and objectivity having regard to the principles contained within the Code of Ethics. The Audit Committee must approve and periodically review any safeguards put in place to limit impairments to independence and objectivity.

Audit Committee

The role of the Audit Committee in relation to Internal Audit is:

- a) to oversee its independence, objectivity, performance, and professionalism;
- b) to support the effectiveness of the Internal Audit process; and
- c) to promote the effective use of Internal Audit within the assurance framework.

The Audit Committee's terms of reference, with regards to Internal Audit, state responsibility for:

- a) approving the internal audit charter and monitor the performance of Internal Audit;
- b) receiving reports on the progress against the annual internal audit plan;
- c) receiving reports outlining the action taken where the Chief Internal Auditor has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.;
- d) receiving the Internal Audit Annual Plan for the Council and Annual Internal Audit report, addressing key internal control issues as required;
- e) approving significant interim changes to the risk-based internal audit plan and resource requirements; and
- f) provide free and unfettered access to the Chair for the Chief Internal Auditor, including the opportunity for a private meeting with the Committee.

To establish, maintain, and ensure that East Cambridgeshire District Council's Internal Audit Service has sufficient authority to fulfil its duties, the Audit Committee will:

- a) Discuss with the Chief Internal Auditor and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and / or advisory) of the Internal Audit Service.
- b) Ensure the Chief Internal Auditor has unrestricted access to, communicates, and interacts directly with the Audit Committee, including in private meetings without senior management present.
- c) Discuss with the Chief Internal Auditor and senior management other topics that should be included in the Internal Audit Charter.
- d) Participate in discussions with the Chief Internal Auditor and senior management about the “essential conditions”¹, described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- e) Approve the Internal Audit Service’s Charter, which includes the Internal Audit Mandate and the scope and types of internal audit services.
- f) Review the Internal Audit Charter periodically with the Chief Internal Auditor to consider changes affecting the Council, such as the employment of a new Chief Internal Auditor or changes in the type, severity, and interdependencies of risks to the Council.
- g) Approve the risk-based internal audit planning process and plan.
- h) Receive communications from the Chief Internal Auditor about the Internal Audit Service including its performance relative to its plan.
- i) Ensure a quality assurance and improvement programme has been established and review the results annually.
- j) Make appropriate inquiries of senior management and the Chief Internal Auditor to determine whether scope limitations are inappropriate.

In accordance with the Global Internal Audit Standards in the UK public sector – Application note, the following are adaptations to Global Internal Audit standard requirements:

- k) Provide view, where appropriate, on the internal audit function’s human resources administration and budgets and expense.
- l) Provide input, where requested, to senior management on the appointment and removal of the Chief Internal Auditor, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards; and
- m) Provide input, as required, to senior management on the Chief Internal Auditor’s performance.

The Audit Committee cannot direct the work of Internal Audit.

¹ “essential conditions” relate to activities of senior management and the Audit Committee, under Domain 3 of the Global Internal Audit Standards, which are essential to the Internal Audit Service’s ability to fulfill its Purpose

Roles and Responsibilities of the Chief Internal Auditor

Ethics and Professionalism

The Chief Internal Auditor will ensure that internal auditors:

- a) Conform with the Global Internal Audit Standards in the UK Public Sector, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- b) Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Council and be able to recognise conduct that is contrary to those expectations.
- c) Encourage and promote an ethics-based culture in the Council.
- d) Report on organisational behaviour that is inconsistent with the Council's ethical expectations, as described in applicable policies and procedures.

Objectivity

The Chief Internal Auditor will ensure that the Internal Audit Section remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Chief Internal Auditor determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgement on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgement, including:

- a) Assessing specific operations for which they had responsibility within the previous year.
- b) Performing operational duties for East Cambridgeshire District Council or its affiliates.
- c) Initiating or approving transactions external to the Internal Audit Service.
- d) Directing the activities of any Council employee that is not employed by the Internal Audit Service, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- a) Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Chief Internal Auditor, the Audit Committee, management or others.
- b) Exhibit professional objectivity in gathering, evaluating, and communicating information.
- c) Make balanced assessments of all available and relevant facts and circumstances.
- d) Take necessary precautions to avoid conflicts of interest, bias and undue influence.

Managing the Internal Audit Service

The Chief Internal Auditor holds a professional qualification (Chartered Institute of Public Finance & Accountancy) and is suitably experienced in internal audit and counter fraud work.

The Chief Internal Auditor has the responsibility to:

- a) Develop a risk-based internal audit planning process that considers the input of senior management and the Audit Committee. The Chief Internal Auditor will discuss the planning intentions with the Corporate Management Team and report these to the Audit Committee for review and approval.
- b) Communicate the impact of resource limitations on the internal audit plan to the Corporate Management Team and Audit Committee.
- c) Ensure the work carried out by the Internal Audit Service is relevant and responds to changes in the Council's risks, operations, programmes, systems, and controls.
- d) Communicate with the Corporate Management Team and Audit Committee throughout the year on the internal audit work being undertaken and upcoming planning intentions.
- e) Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards in the UK Public Sector, and other relevant laws and / or regulations.
- f) Follow up on engagement findings, confirm the implementation of agreed actions, and communicate the results of internal audit work to the Corporate Management Team and Audit Committee for each engagement, as appropriate.
- g) Ensure the Internal Audit Service collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards in the UK Public Sector and fulfil the Internal Audit Mandate.
- h) Identify and consider trends and emerging issues that could impact East Cambridgeshire District Council and communicate to the Corporate Management Team and Audit Committee, as appropriate.
- i) Consider emerging trends and successful practices in internal auditing.
- j) Establish and ensure adherence to methodologies designed to guide the Internal Audit Service.

- k) Ensure adherence to East Cambridgeshire District Council's relevant policies and procedures unless such policies and procedures conflict with the Internal Audit Charter or the Global Internal Audit Standards in the UK Public Sector. Any such conflicts will be resolved or documented and communicated to the Corporate Management Team and Audit Committee.
- l) Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Chief Internal Auditor cannot achieve an appropriate level of coordination, the issue must be communicated to the Corporate Management Team and, if necessary, escalated to the Audit Committee.

The Chief Internal Auditor has no direct operational responsibility or authority over any of the activities that the Internal Audit Service reviews.

The Chief Internal Auditor must provide an annual assurance opinion to inform the Council's Annual Governance Statement. In doing so, the Chief Internal Auditor will seek to align the continuous development of successive internal audit plans with the provision of an annual opinion reflecting reliance on previous year's internal audit work, the changing risk environment and the Council's longer-term assurance needs.

Communication with the Corporate Management Team and Audit Committee

The Chief Internal Auditor will report periodically to the Corporate Management Team and Audit Committee (as detailed below) regarding:

- a) The Internal Audit Service's Mandate (via annual paper to the Audit Committee).
- b) The internal audit planning process, including resources and budget (annual planning process paper to the Audit Committee).
- c) Internal Audit key performance indicators (in annual report of the Chief Internal Auditor and regular progress reports).
- d) Current and potential audit work (at each meeting of the Audit Committee via progress reports).
- e) Significant revisions to internal audit resources and budget (at each meeting of the Audit Committee via progress reports).
- f) Potential impairments to independence, including relevant disclosures as applicable (by exception, in progress papers to the Audit Committee, and annual report of the Chief Internal Auditor).
- g) Results from the quality assurance and improvement programme, which include the Internal Audit Service's conformance with the Global Internal Audit Standards in the UK Public Sector and action plans to address the Internal Audit Service's deficiencies and opportunities for improvement (in progress reports to the Audit Committee and annual report of the Chief Internal Auditor).
- h) Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that

could interfere with the achievement of the Council's strategic objectives (in progress reports to the Audit Committee and annual report of the Chief Internal Auditor).

- i) Results of assurance and advisory services (in progress reports to the Audit Committee and annual report of the Chief Internal Auditor).
- j) Management's responses to a risk that the Internal Audit Service determines may be unacceptable, taking into account proportionality and the current climate (in progress reports to the Audit Committee and annual report of the Chief Internal Auditor).

Quality Assurance

The Head of Internal Audit will develop, implement, and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the Internal Audit function. The programme will include external and internal assessments of the Internal Audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the Internal Audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The programme will also assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. If applicable, the assessment will include plans to address the Internal Audit function's deficiencies and opportunities for improvement.

Internal review of work standards will be undertaken through a system of managerial review involving the Chief Internal Auditor. This incorporates a review of all documentation and evidence, and the accuracy of the report.

Feedback is requested from managers following audit assignments to obtain their satisfaction with the internal audit service provided. The results of the feedback will be reported in the annual report of the Chief Internal Auditor.

A suite of performance indicators and targets is developed annually to monitor the quality of the service provided, the results of which are reported in the annual report of the Chief Internal Auditor and throughout the year in the progress reports to the Audit Committee.

Annually, the Head of Internal Audit will communicate with the Audit Committee and senior management about the Internal Audit function's QAIP, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.

External Quality Assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Council; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

Scope and Types of Internal Audit Services

The scope of Internal Audit services covers the entire breadth of the organisation, including all of East Cambridgeshire District Council's activities, assets, and personnel. The scope of Internal Audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for East Cambridgeshire District Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the Internal Audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

This effectively means that Internal Audit has independent oversight of all the Council's operations, resources, services and processes and Internal Audit engagements may include evaluating whether:

- Risks relating to the achievement of East Cambridgeshire District Council's strategic objectives are appropriately identified and financial and other management controls manage the risks to achieve the Council's objectives.
- The actions of East Cambridgeshire District Council's officers, Corporate Management Team, employees, and contractors or other relevant parties comply with East Cambridgeshire District Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes are being conducted effectively, efficiently, and ethically.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact East Cambridgeshire District Council.
- The integrity of information and the means used to identify, measure, analyse, classify and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, protected adequately. accounted for and safeguarded from losses arising from:
 - Fraud and other offences
 - Waste, extravagance and inefficient administration, poor value for money and other causes.

The scope of Internal Audit work may also include:

- Reviewing the suitability and reliability of financial and other management data developed within the organisation.
- Reviewing awareness of risk and its control and providing advice to management on risk mitigation and internal control in financial or operational areas where new systems are being developed or where improvements are sought in the efficiency of existing systems.
- Raising awareness of fraud and corruption.
- Investigating allegations of fraud and corruption.
- Providing advice (consultancy) to Directorates for a variety of issues, such as project assurance, controls advisory requests, areas of concern and lessons learnt reviews.

Where the Chief Internal Auditor considers that the scope of audit work is being restricted, the Director of Finance and the Audit Committee will be advised.

Internal Audit is not relieved of its responsibilities in areas of the Council's business that are subject to review by others but will assess the extent to which it can rely upon the work of others and co-ordinate its audit planning with the plans of such review agencies.

The Chief Internal Auditor will provide an annual audit opinion as to the adequacy of the Council's governance arrangements, internal controls, and risk management processes. This will be used to support the Council's Annual Governance Statement.

Title: Response to External Audit Recommendations

Committee: Audit Committee

Date: 31st March 2026

Author: Director Finance

Report number: A182

Contact officer:

Jude Antony, Director Finance

jude.antony@eastcambs.gov.uk

1.0 Issue

- 1.1. The purpose of this report is to provide the Audit Committee with an update on the actions taken by the Director Finance to address the eight recommendations raised by the Council's external auditors, Ernst & Young (EY), following the audit of the 2024/25 Statement of Accounts.

2.0 Recommendations

The Audit Committee is recommended to:

- Note the recommendations raised by the Council's external auditors, and
- Note the actions taken by the Director Finance to address the recommendations.

3.0 Background

- 3.1. Following the completion of the external audit of the Council's 2024/25 Statement of Accounts, Ernst & Young (EY) issued eight recommendations relating to improvements in financial reporting processes, working paper documentation, financial controls, and technical accounting processes.

The Director Finance has reviewed the recommendations and implemented a number of measures to address the issues identified. These actions aim to strengthen the Council's financial reporting framework and support a more efficient external audit process in future years.

4.0 Actions Taken

- 4.1. Recommendation 1 – Financial Statement Preparation and Audit Support

The Finance Director has taken steps to strengthen the preparation of financial statements and the support provided during the audit process.

- An interim Technical Accountant is already in post to support financial statement preparation and strengthen technical accounting expertise.
- A Principal Accountant with extensive local government experience will commence employment on 23 March 2026, further enhancing leadership and technical capability within the finance team.
- Sample working papers have been requested from EY and are considered acceptable to them. Once received, they will be updated to support the 2025/26 Statement of Accounts.

4.2 Recommendation 2 – Fixed Asset Register Controls

- The Principal Accountant, who will commence employment on 23 March 2026, is familiar with the asset management system used by the Council to record fixed assets. As part of their responsibilities, the Principal Accountant will review the Fixed Asset Register to ensure that asset classifications, system settings and depreciation calculations are correctly configured.

Any issues identified within the system will be reviewed and rectified to ensure that the Fixed Asset Register operates in accordance with relevant accounting standards and supports the accurate preparation of the 2025/26 Statement of Accounts.

4.3 Recommendation 3 – Group Accounts

- Additional review procedures have been introduced to ensure intercompany balances and transactions are eliminated correctly.
- Supporting working papers and calculations will be subject to enhanced internal review.

4.4 Recommendation 4 – Capital Grants Register

- The Council currently uses established systems to maintain and monitor developer contributions, including Community Infrastructure Levy (CIL) and Section 106 (S106) funding.

For the 2025/26 audit, the Finance Team will continue to work with the external auditors to ensure that all relevant information relating to capital grants, including balances brought forward, income received during the year, and utilisation of funds, is clearly documented and available to support the audit process.

4.5 Recommendation 5 – Analytical Review of Financial Statements

- Analytical review procedures have been incorporated into the year-end closedown process.
- Finance officers will prepare explanations for material movements in the Comprehensive Income and Expenditure Statement and Balance Sheet.

- 4.6 Recommendation 6 – Cash Reconciliation Adjustments
- The year-end reconciliation process has been strengthened.
 - The finance team have been briefed to ensure that all reconciliation differences identified during the closedown process are reviewed and corrected before the preparation of the Statement of Accounts.

- 4.7 Recommendation 7 – Classification of Cash Equivalents
- The classification of cash and investments has been reviewed to ensure compliance with accounting standards.
 - Additional review procedures will be implemented during the closedown process.

- 4.8 Recommendation 8 – Control Account Mapping
- Control account mapping has been reviewed and corrected.
 - Additional checks have been introduced to ensure accurate financial reporting.

5.0 Additional Implications Assessment

5.1 In the table below, please put Yes or No in each box:

Financial Implications	Legal Implications	Human Resources (HR) Implications
No	No	No
Equality Impact Assessment (EIA)	Carbon Impact Assessment (CIA)	Data Protection Impact Assessment (DPIA)
No	No	No

6.0 Background documents

2024/25 External Audit Report- [07 EY Audit results report GPS LG 24-25.pdf](#)

Audit Committee Annual Agenda Plan

Agenda Item 11

Lead Officer: Jude Antony, Director Finance
Democratic Services Officer: Patrick Adams

Tue 14 July 2026	4:30pm
Chair's Announcements	Chair
External Audit Plan for 2025/26	External Audit
Internal Audit Annual Report and Opinion 2025/26	Internal Audit
Internal Audit Progress Report	Internal Audit
Draft Statement of Accounts 2025/26	Director Finance and S151 Officer
Draft Annual Governance Statement 2025/26	Chief Executive
Corporate Risk Management Report	Director Finance and S151 Officer
Audit Committee Annual Report	Director Finance and S151 Officer
Actions taken by the Director Finance on the grounds of urgency (if any)	Democratic Services Officer
Forward Agenda Plan	Democratic Services Officer
Tue 20 October 2026	4:30pm
Chair's Announcements	Chair
Annual Governance Statement 2025/26 – Final Draft	Chief Executive
External Audit Update 2025/26	External Audit
Internal Audit Progress Report	Internal Audit
Annual Information Governance Report	Director Legal
Anti-Fraud and Corruption Strategy – Policy Update (Constitution)	Director Finance and S151 Officer
Actions taken by the Director Finance on the grounds of urgency (if any)	Democratic Services Officer
Forward Agenda Plan	Democratic Services Officer
Mon 1 February 2027	4:30pm
Chair's Announcements	Chair
External Audit – Audit of 2025/26 Accounts	External Audit
Internal Audit Progress Report	Internal Audit
Internal Audit Plan Development 2026/27	Internal Audit
Statement of Accounts 2025/26	Director Finance and S151 Officer
Corporate Risk Management Monitoring Report	Director Finance and S151 Officer
Actions taken by the Director Finance on the grounds of urgency (if any)	Democratic Services Officer
Forward Agenda Plan	Democratic Services Officer
Tue 16 March 2027	4:30pm
Chair's Announcements	Chair
External Audit Plan for 2026/27	External Audit
Internal Audit Work Plan for 2026/27	Internal Audit
Internal Audit Progress Report	Internal Audit

Notes:

1. Agenda items which are likely to be “urgent” and therefore not subject to call-in are marked *
2. Agenda items in italics are provisional items / possible items for future meetings.

**Audit Committee
Annual Agenda Plan**

Agenda Item 11

**Lead Officer: Jude Antony, Director Finance
Democratic Services Officer: Patrick Adams**

Internal Audit Charter and Mandate	Internal Audit
Audit Committee Annual Report 2026/27	Director Finance and S151 Officer
Actions taken by the Director Finance on the grounds of urgency (if any)	Democratic Services Officer
Forward Agenda Plan	Democratic Services Officer

Notes:

- 1. Agenda items which are likely to be “urgent” and therefore not subject to call-in are marked ***
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