



Internal Audit Progress and Performance Update

October 2026

1. Introduction

- 1.1 The Internal Audit service for East Cambridgeshire District Council provides 210 days to deliver the 2026/27 Annual Audit Plan.
- 1.2 The Global Internal Audit Standards (the Standards) require the Audit Committee to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting and an overview of the performance of the audit team.

2. Performance

Delivery of the 2026/27 Audit Plan

- 2.1 The Internal Audit service has a target to deliver at least 90% to draft report stage by 31st March 2027, which is on track. Progress on individual assignments is shown in Table 1. At management request, one audit (agency staff) has been postponed from Quarter 2 to Quarter 3.

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

- 2.2 During the financial year to date, one client feedback form has been received. The results are summarised on page 10 of this report.

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 2026/27 audit plan, with one audit report finalised. None of the finalised 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:

Business continuity management

- 2.4 The audit sought assurance that the Council has effective arrangements in place to identify, manage and recover from events that could disrupt the delivery of critical services. The audit reviewed the Council's Strategic Business Continuity Plan (SBCP), Emergency Management Plan (EMP), governance arrangements, Business Impact Analyses (BIAs), service recovery arrangements, accessibility of documentation, training, testing and continuous improvement processes.
- 2.5 The audit found that the Council has established the key components of a Business Continuity Management framework. A comprehensive SBCP and supporting EMP are in place, business continuity risks are reflected within the Corporate Risk Register, critical services have been identified and BIAs completed. Officers contacted generally demonstrated a good understanding of their service level business continuity responsibilities. In addition, recent live incidents provided

evidence that elements of the Council's response arrangements can be applied effectively in practice.

- 2.6 Opportunities exist to strengthen the maturity of the framework. The SBCP, EMP and BIAs require review and updating to ensure information remains accurate and current. Whilst critical services have been assessed, service recovery arrangements are not consistently documented to support recovery during a significant disruption. The audit also identified opportunities to strengthen document accessibility, formal business continuity testing and exercising, staff training and awareness, and the monitoring of improvement actions arising from incidents and reviews. In addition, the Council does not currently operate a formal programme of business continuity exercises to test recovery arrangements and organisational preparedness.
- 2.7 The audit concluded that the Council has established a foundation for managing business continuity and organisational resilience. However, improvements are required to ensure arrangements remain current, are consistently embedded across the organisation, and provide sufficient assurance that critical services can be effectively recovered following a major disruption.
- 2.8 Recommendations have been raised to strengthen governance arrangements, improve service recovery planning, enhance testing and training arrangements, and support the Council's continuous improvement of its business continuity framework.
- 2.9 Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion		
Control Environment	Good (Green)	
Compliance	Moderate (Amber)	
Organisational Impact	Medium (Amber)	
Agreed management actions		
High	Medium	Low
-	7	1

Taxi licensing – fit and proper person checks

- 2.10 The Council has responsibility for licensing hackney carriages and private hire vehicles, drivers and private hire operators within East Cambridgeshire. The key objective is ensuring public safety and protection of residents and visitors. Sections 51 (in relation to private hire drivers) and Section 59 (in relation to Hackney carriage drivers) of the Local Government (Miscellaneous Provisions) Act 1976 require that all applicants and licence holders are and remain fit and proper persons to hold a licence. There were 286 hackney carriage and private hire licences across East Cambridgeshire at the time of audit and, since 2025/26, the team also administer restricted driver licences for a national passenger transport company.

- 2.11 In sample testing of 16 East Cambridgeshire hackney carriage and private hire drivers, it was recorded that 100% had been subject to Disclosure and Barring Service (DBS) checks, medical fitness checks, DVLA checks and checks against the National Revocation, Refusals and Suspension Register (NR3S). In all cases tested right to work in the UK evidence was available for inspection and in line with requirements. Compliance with expected controls was also noted for a sample of 17 restricted licences issued for the passenger transport company.
- 2.12 Under the Council's Hackney Carriage and Private Hire Licensing Policy, drivers are required to complete safeguarding training. In sample testing, 100% of the hackney carriage drivers had a record of safeguarding training completion prior to the issue of their licence. In sample testing of private hire drivers, an exception was noted where training records had not been provided within six months of issue and this licence had been suspended, accordingly, at the time of reporting.
- 2.13 The Council's policy requires all drivers to be subject to ongoing DBS checks on a six-monthly basis, requiring registration with the DBS update service. Records of DBS checks for the sample of drivers tested indicate that all had been subject to DBS checks within the last four months, at the time of audit. It is understood that a four month cycle is being applied to DBS checks currently, to enable an opportunity to resolve any issues, i.e. lapsed update service registration, before the six month period passes. The last rolling check informs any licence renewals, which will not necessarily align with renewal dates and officers are assessing options and costs associated with conducting an additional check at the point of renewal.
- 2.14 The Council's policy includes a penalty points system which is intended 'to ensure compliance with the Council's Hackney Carriage and Private Hire Licensing Policy and to monitor a licence holder's ability to fulfil the 'fit and proper' test'. The scheme allows for use of warnings, suspensions and revocation of licences. In sample testing, examples were seen of the application of the penalty points system.
- 2.15 Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion		
Control Environment	Good (Green)	
Compliance	Substantial (Green)	
Organisational Impact	Low (Green)	
Agreed management actions		
High	Medium	Low
-	-	2

Implementation of audit recommendations by officers

- 2.16 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.

- 2.17 Since the last Audit Committee meeting, 12 agreed actions have been implemented by officers. An overview of actions is provided in Table 2.
- 2.18 At the time of reporting, as at 2nd October 2026, there is one action which is overdue for implementation, which was assigned low priority. The action relates to reviewing performance indicators relating to asset management which has been delayed as a full review is now being undertaken on asset information which extends beyond the original action.

Real time risk assurances

- 2.19 Risk management and compliance with the Risk Management Strategy is the responsibility of the Council's management but Internal Audit seeks to provide assurance over the effectiveness of the risk management process via rolling risk assurance reviews.
- 2.20 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 existence of the controls listed is verified and reported back to the Audit Committee in progress reporting. This is not an audit of the risk area and no assurance opinion is given. The review is limited to the content of the risk entry.
- 2.21 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.
- 2.22 The latest of the rolling risk assurance reviews has been completed and the risk selected was **C2 – ICT Security**. The findings are provided in Appendix 2.

Table 1 - Progress against 2026/27 Internal Audit Plan

						Assurance Opinion			
Assignment		Planned start	Status		Assurance sought	Control Environment	Compliance	Org impact	Comments
Key financial systems									
Bank reconciliations		Q4	Not started						
Treasury management		Q3	Not started						
Accounts payable		Q4	Not started						
Accounts receivable		Q4	Not started						
Key policy compliance									
Enforcement policy compliance		Q2	Fieldwork underway						
Customer services		Q2	Fieldwork complete						Awaiting information to conclude
Procurement compliance		Q4	Not started						
Risk based audits									
Taxi licensing – fit and proper person checks		Q1	Final report issued		To provide assurance over the consistent and compliant checks on licensed hackney carriage and private hire drivers and operators.	Good (Green)	Substantial (Green)	Low (Green)	
Corporate health and safety		Q1	Fieldwork complete						Awaiting information to conclude

						Assurance Opinion			
Assignment		Planned start	Status		Assurance sought	Control Environment	Compliance	Org impact	Comments
Business continuity management		Q1	Final report issued		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.	Good (Green)	Moderate (Amber)	Medium (Amber)	
Agency staff		Q2	Postponed						Postponed at management request
Cyber security		Q2	Not started						
S106 monitoring		Q3	Not started						
Major project – Bereavement centre (embedded assurance)		Q3/4	Planning						
Budgetary control		Q4	Not started						
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.			

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	-	-	7	100%	5	84%	12	92%
Actions overdue by less than three months	-	-	-	-	-	-	-	-
Actions overdue by more than three months	-	-	-	-	1	16%	1	8%
Totals	-	-	7	100%	6	100%	13	100%

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.

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 Director and the Service Lead 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?	1			
Communication - How effective was the communication from the audit team throughout the audit process?	1			

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

Question	Yes	No
Quality - Were the audit objectives and scope clearly defined and communicated?	1	
Communication - Did the audit team keep you informed of the audit progress and any issues encountered?	1	

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.