

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S REPORT TO

Audit and Standards Committee
10 November 2025

Report Title: 2025/26 Q2 Internal Audit Progress Update

Submitted by: Chief Internal Auditor

Portfolios: All

Ward(s) affected: All

<u>Purpose of the Report</u>	<u>Key Decision</u>	Yes ☐	No ☒
This report provides an update on Internal Audit progress in relation to the 2025/26 Internal Audit plan for the period from 1 July 2025 to 30 September 2025.			
<u>Recommendation</u> That Committee: 1. Members note progress against the 2025/26 Internal Audit Plan. 2. Members note progress on the implementation of audit recommendations.			
<u>Reasons</u> The role of Internal Audit is to ensure that the Council has assurance that controls are in place and operating effectively across all Council Services and Departments.			

1. Background

- 1.1** This progress report is submitted to the Audit and Standards Committee as part of our ongoing commitment to providing robust and transparent oversight of internal control, risk management, and governance processes within the Council. The internal audit function plays a critical role in ensuring that the Council operates in compliance with relevant laws, regulations, and internal policies, while also seeking to enhance the efficiency and effectiveness of its operations.
- 1.2** The Accounts and Audit (England) Regulations 2015 require specifically that relevant authorities 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'.

Proper internal audit practices for Local Government are defined as constituting adherence to the requirements of the Global Internal Audit Standards in the UK Public Sector (GIAS in the UK Public Sector) along with relevant Codes of Practice, specifically the Code of Practice for the Governance of Internal Audit in UK Local Government.

- 1.3** In accordance with the Global Internal Audit Standards in the UK Public Sector, the Code of Practice for the Governance of Internal Audit in UK Local Government (CIPFA) and our own Internal Audit Charter, the Chief Audit Executive (Chief Internal Auditor) is required to provide the board (Audit & Standards Committee) with the information necessary to conduct its oversight responsibilities (Principle 8 – Overseen by the Board, Standard 8.1 – Board Interaction refers). Also, the Chief Audit Executive is required to periodically communicate the results of internal audit services to the Board (Principle 11 – communicate Effectively, standards 11.1 to 11.3 communicating to stakeholders and the Code of Practice (provision 3.1) – Audit Committee Interaction refers).
- 1.4** This progress report provides an overview of the activities undertaken by Internal Audit from 1st July 2025 to 30th September 2025. The purpose of the progress report is to outline the progress made against the approved Internal Audit Plan for the year, highlight any significant findings and emerging risks identified during the audits conducted, and provide an update on the implementation of management actions in response to previous audit recommendations.
- 1.5** Since the last progress report, fieldwork has been completed for five audits. Of these, two have resulted in final reports being issued (summarised in section 2.1), one has reached the draft report stage, and the remaining two are currently undergoing internal review. In addition, fieldwork has commenced for a further four audits, and three additional audits have now been scheduled.

2. Issues

Completed Audit Reviews

- 2.1** A summary of audit reports issued during this period is shown in the table below.

Audit	Opinion	Recommendations			
		High	Medium	Low	Total
Cyber - Incident Preparedness and Response Effectiveness	Limited	0	7	2	9
Sustainable Environment Strategy	Adequate	0	5	3	8

- 2.2** The Cyber – Incident Preparedness and Response Effectiveness audit was classified as a Top Risk Review in the 2025/26 Internal Audit Plan and has also been awarded a limited assurance audit opinion. Therefore, in

accordance with the Internal Audit Charter, this report is submitted to the Audit & Standards Committee as an exempt item for their attention.

Progress of the Internal Audit Plan

2.3 Delivery against the 2025/26 audit plan up to 30th September 2025 is summarised below.

Directorate	Audit	Status	Opinion Awarded
Commercial Delivery	Regeneration Schemes	Fieldwork Ongoing	-
Finance	Budgetary Control	Fieldwork Ongoing	-
	Main Accounting	Scheduled	-
	Management of Capital Programme & Budgets	Scheduled	-
	Accounts Receivable including Debt Management	Not Started	-
	Treasury Management - Borrowing	Scheduled	-
	E-Payment	Not Started	-
IT & Digital	Cyber - Incident Preparedness and Response Effectiveness	Final Report Issued	Limited
	New Customer Relationship Management System	Draft Report Issued	Adequate (Draft)
	Azure	Not Started	-
	Cyber Assurance - Third Party Access	Scheduled	-
Legal and Governance	Local Government Reorganisation and Devolution	Not Started	-
	Delivering Good Governance - Corporate Decision Making Arrangements	Not Started	-
	Compliance with the Code of Practice on Good Governance for LA Statutory Officers	Not Started	-
Neighbourhood Delivery	Supported Accommodation	Not Started	-
	Newcastle Partnership - Community Safety	Not Started	-
	Council Tax	Scheduled	-
Planning	Planning Appeals	Fieldwork Ongoing	-
Regulatory Services	Taxi Licensing	Fieldwork Complete	Substantial (Draft)
	Homelessness and Rough Sleepers Grants	Fieldwork Ongoing	-
	Disabled Facilities Grant	Fieldwork Complete	Substantial (Draft)
Strategy, People & Performance	Workforce Sustainability	Not Started	-
	Civil Contingencies	Scheduled	-
	Use of Agency Staff and Consultants	Not Started	-

	Payroll	Planning Commenced	-
	Lone Working	Scheduled	-
Sustainable Environment	New Fleet Management System - Advisory	Not Started	-
	Sustainable Environment Strategy	Final Report Issued	Adequate

Counter Fraud

- 2.4** The 2025/26 Audit Plan also includes 40 days allocated to counter fraud activities. This work is managed by Staffordshire County Council's Audit Manager – Fraud.
- 2.5** The County Council has received a total of 10 referrals from members of the public reporting potential frauds in 2025/26 (two since our previous report). These predominately revolve around the fraudulent claiming of benefits / Single Person Discount. These reports are carefully triaged in line with our established fraud response processes and through liaising with the Council's Customer Hub Manager and other external agencies where relevant.
- 2.6** There are currently no fraud concerns that require formal reporting to the Audit and Standards Committee. Internal Audit will continue to triage each report it receives and will continue to consider and evaluate fraud related risks in each audit review. Any significant developments will be promptly reported to the Audit and Standards Committee in future updates.
- 2.7** The Continuous Controls Monitoring exercise continues, with analysis of the last data set (to July 2025) made available identifying two potential duplicate transactions. These are currently with Officers for verification (total value £2,605).
- 2.8** During this period, enhancements were made to the Counter Fraud SharePoint pages, including new resources on identifying and preventing fraud in the workplace.
- 2.9** Additionally, three fraud related news articles have been published, including:
- Impersonator Fraud
 - Separation of Duties – Aberdeen case
 - Gedling Council Fraud
- 2.10** A process has also been agreed on how further content will be published.

Cancelled Audits

- 2.11** No audits have been cancelled during this period

Recommendations

- 2.12** The implementation of all recommendations made is monitored via Internal Audit's K10 recommendation tracking portal. The portal is the web-based system of K10 that is accessible to business users (auditees). The portal allows auditees to search and view recommendations that have been assigned to them, provide regular updates directly against their recommendations in real-time as well as giving WLT/SLT leads greater oversight of

recommendations raised and implemented across all their areas of responsibility.

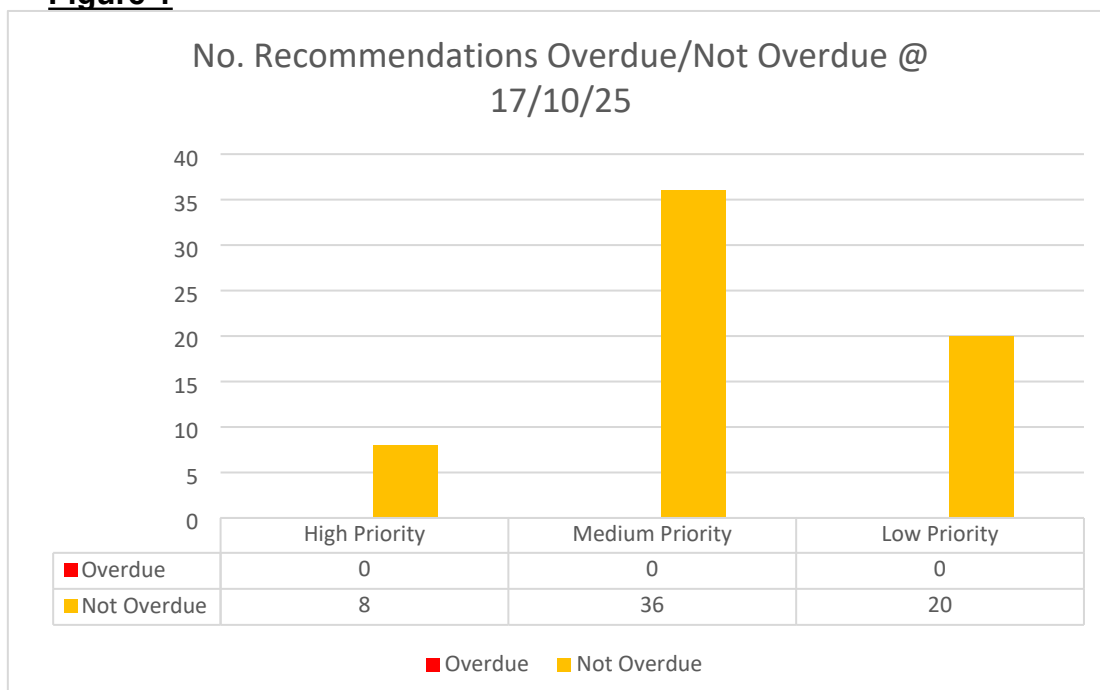
2.13 As part of the recommendation tracking process, auditees who are assigned recommendations are provided with two notifications. The first notification is for any recommendations that they have been assigned to where its implementation date is within the next 30 days. This is to act as a reminder to auditees and will either prompt them to implement the recommendation or provide an update on the progress they have made, in the portal. The second reminder is a monthly reminder of recommendations that have past their implementation date and remain unimplemented for their attention and action.

2.14 Within the K10 recommendation tracking portal as of 17th October 2025, there are 127 audit recommendations which are currently being tracked. The status of each of these recommendations is summarised in the table below.

Area	Total	Implemented	Risk Accepted	Superseded	Not Yet Implemented	
					Not Overdue	Overdue*
Commercial Delivery	22	12	3	0	7	0
Neighbourhoods	12	7	1	0	4	0
Regulatory Services	12	8	0	0	4	0
IT & Digital	43	11	0	1	31	0
Strategy, People & Performance	18	2	0	1	15	0
Legal and Governance	10	9	1	0	0	0
Sustainable Environment	10	7	0	0	3	0
Total	127	56	5	2	64	0
	%	44	4	2	50	0

2.15 Figure 1 below shows the number of high, medium and low priority recommendations which have not yet been implemented (outstanding), and their status as either overdue or not overdue.

Figure 1



2.16 No recommendations are currently overdue.

2.17 No high priority recommendations have been made during this period.

3. Recommendation

3.1 The internal audit plan for 2025/26 remains under review to ensure best use of available resources.

4. Reasons

4.1 The audit plan is monitored on a regular basis to ensure that it is achievable and reflects the key risks affecting the council.

5. Options Considered

5.1 None.

6. Legal and Statutory Implications

6.1 Whilst there are no direct implications arising from this report, the Accounts and Audit Regulations 2015 specifically require that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

7. Equality Impact Assessment

7.1 There are no direct implications arising from this report.

8. Financial and Resource Implications

- 8.1 The service is currently on target to be provided within budget. The financial implications resulting from the recommendations made within audit reports will be highlighted within individual reports wherever possible. It is the responsibility of managers receiving audit reports to take account of these financial implications, and to take the appropriate action.

9. Major Risks & Mitigation

- 9.1 Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Where relevant, the results of individual reviews will link into the Annual Governance Statement, providing assurance on the operation of key controls. Internal Audit will continue to align its work with the Corporate Risk Register.
- 9.2 Continual review of the work contained within the audit plan ensures that where necessary adjustments are made to provide the most appropriate coverage.

10. UN Sustainable Development Goals (UNSDG)

- 10.1 The Internal Audit and Counter Fraud Arrangement via Staffordshire County Council and the Fraud Hub supports UNSG and Climate Change objectives in a number of ways. Principally, through partnership working and supporting sustainable cities and communities via the correct use of public monies. The following UNSGs are supported.



11. One Council

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council ☒

We will make investment to diversify our income and think entrepreneurially.

One Digital Council ☒

We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.

One Green Council ☒

We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.

12. Key Decision Information

12.1 Not Applicable.

13. Earlier Cabinet/Committee Resolutions

13.1 Approval of the Internal Audit Plan for 2025/26 (Audit and Standards Committee April 2025).

14. List of Appendices

14.1 None

15. Background Papers

15.1 Cyber – Incident Preparedness and Response Effectiveness Final Internal Audit Report

15.2 Internal Audit Plan 2025/26.

15.3 Internal Audit Charter 2025/26.