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Report to Audit and Standards Committee

07 September 2026

Internal Audit Progress report - First Quarter 2026/27

Lead Member:

Cllr Graham Shaw – Deputy Leader and Cabinet Member for Finance

Lead Officer:

Alex Cannon – Senior Audit Manager

Key Decision: No

Ward(s): All

Appendices: Appendix A – Supported Accommodation Audit Report (2025/26)

Report Assurance:

	Name	Date
Lead Officer	Alex Cannon	13/08/2026
Monitoring Officer	Olwen Brown	
Section 151	Craig Turner	
Chief Executive	Gordon Mole	
Cabinet Member	Martin Rogerson	

Report Summary

This report provides the Audit and Standards Committee with an update on delivery of the 2026/27 Internal Audit Plan for the period 1 April to 30 June 2026.

The first quarter focused on commencing delivery of the approved plan, allocating internal and external resources, agreeing scopes and scheduling fieldwork. Although no reviews reached draft report stage during the quarter, one review has progressed to fieldwork and further reviews have entered scoping, contractor engagement or confirmed scheduling.

The approved Counter Fraud Plan is also progressing through the triage of referrals and preparation for proactive data analytics work. No audit or fraud matters have been identified that require separate escalation to the Committee at this stage.

Recommendations

That the Committee:

1. Notes the progress against the 2026/27 Internal Audit Plan.

1. Background

1.1. This first progress report for 2026/27 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. This progress report provides an overview of the internal audit activity from 1 April 2026 to 30 June 2027. 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.

1.3. The first quarter focused on mobilising the 2026/27 plan, agreeing audit scopes, allocating internal and external resources, and scheduling fieldwork around service availability and the planned phasing of key financial systems work. Although no reviews reached draft report stage during the quarter, one review has progressed to fieldwork, and a further group of audits has entered scoping, contractor engagement or confirmed scheduling. The current position remains consistent with the planned profile of delivery, under which a significant proportion of financial systems work is scheduled from the third quarter onwards. Delivery against the 2026/27 Internal Audit Plan is summarised below.

Position	No. of Audits	% of Audits
Fieldwork underway	1	4%
Scoping or contractor engagement	7	26%
Scheduled	12	44%
Not Started	7	26%

1.4. This report is intended to support the Audit and Standards Committee in fulfilling its oversight responsibilities by providing assurance that appropriate controls are in place, that risks are being managed effectively, and that the Council is continuously improving its governance practices. The report also seeks to identify areas where further attention or action may be required to address emerging issues or gaps in control.

2. Purpose

2.1. This report provides an update on Internal Audit progress in relation to the 2026/27 Internal Audit plan for the period from 1 April 2026 to 30 June 2027.

3. Strategic Approach

Completed Audit Reviews

3.1. No audits have been completed during this period.

Progress of the Internal Audit Plan

3.2. Delivery against the 2026/27 audit plan up to 30 June 2026 is summarised below.

Directorate	Audit	Status
Commercial Delivery	Regeneration Delivery Oversight (Client-Side Management) - Health check	Not Started
	Facilities management (inc. Engineering)	Starting September
	New J2 system	Starting October
Finance	Budgetary Control	Q3
	Creditors	Starting September
	BACs/Direct Debits	Starting September
IT & Digital	Customer Relationship Management (CRM) system	Starting January
	Patch management (Cyber Assurance)	Starting November
	Data Sharing Agreements/Data Protection Impact Assessments	Starting August
Legal and Governance	Members Code of Conduct	Onboarding Contractor
	Members Induction Programme	Not Started
	Risk Management	Not Started
	Procurement Act	Scoping
Neighbourhood Delivery	Housing Benefits	Scoping
	Markets	Onboarding Contractor
	Fixed Penalty Notices (Enforcement)	Starting September

Planning	Monitoring of the Planning Policy	Onboarding Contractor
Regulatory Services	Environmental Protection (Noise Nuisance)	Scoping
	DFG Grant Verification	Fieldwork Underway
Strategy, People & Performance	Commercial Programme	Not Started
	Performance Framework	Not Started
	Appraisals	Starting October
	Mileage and Expenses (Officers and Members)	Q3
	LGR	Not Started
	Payroll	Q4
Sustainable Environment	Extended Producer Responsibility (EPR)	Onboarding Contractor
	Recycling and Fleet Services Capital Investment Programme – Governance and Oversight	Not Started

Top Risk Review Progress

3.3. The approved plan identified five areas as priority risk reviews. Data Sharing Agreements/DPIAs is scheduled to commence in August, Patch Management is scheduled for November, and contractor engagement is under way for the Members' Code of Conduct review. Regeneration Delivery Oversight and the flexible LGR allocation have not yet commenced.

These reviews will continue to be monitored closely because of their direct relationship to cyber resilience, information governance, major programme delivery and organisational change.

Counter Fraud

3.4. The approved Counter Fraud Plan provides 40 days across strategic development, fraud awareness, prevention and deterrence, detection and reactive investigation.

3.5. During the period, 3 referrals were received, predominantly concerning suspected benefit fraud. These were triaged and referred or progressed through established arrangements, including liaison with the Customer Hub Manager and relevant external agencies where necessary.

3.6. Work has also commenced with Finance to identify and extract datasets for proactive data analytics and continuous controls monitoring.

3.7. No matters have been identified that require separate escalation to the Audit and Standards Committee at this stage.

Cancelled Audits

3.8. No audits have been cancelled during this period.

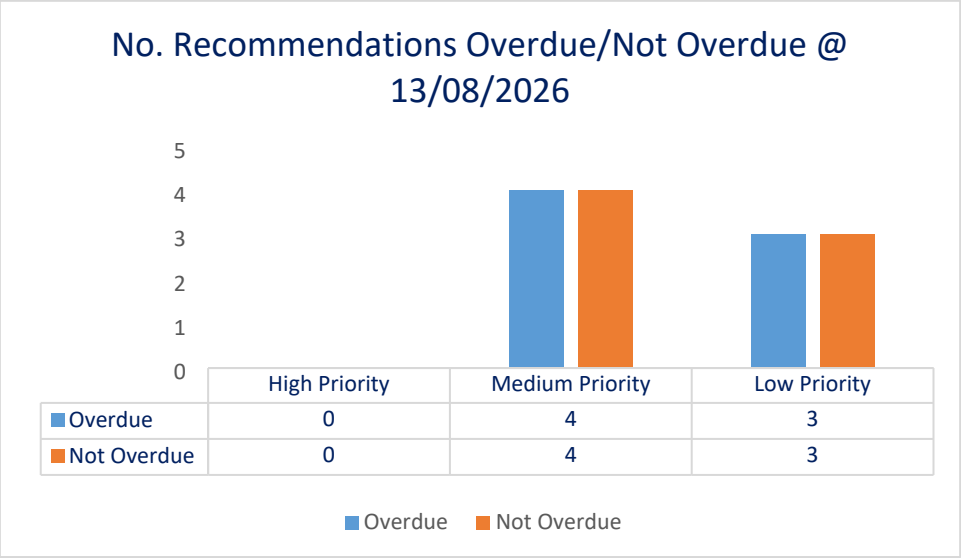
Recommendations

3.9. There are 211 audit recommendations that are being tracked, the status of these are summarised below:

Area	Total	Implemented	Risk Accepted	Superseded	Not Yet Implemented	
					Not Overdue	Overdue*
Commercial Delivery	30	20	4	0	5	1
Neighbourhood Delivery	30	15	1	0	13	1
Regulatory Services	18	11	0	0	6	1
IT & Digital	60	47	2	2	6	3
Strategy, People & Performance	36	11	1	1	22	1
Legal and Governance	17	11	0	0	6	0
Sustainable Environment	18	16	0	0	2	0
Finance	2	2	0	0	0	0
Total	**211**	**133**	**8**	**3**	**60**	**7**
	%	63.0%	3.8%	1.4%	28.4%	3.3%

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

Figure 1



3.11. The proportion of overdue recommendations remains low, with seven recommendations, equivalent to 3.3% of those being tracked, currently overdue. None of the overdue recommendations is high priority, and Internal Audit will continue to liaise with management to obtain updates on their implementation.

4. Finance & Resources

3.1 The service is currently forecast to be delivered 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.

5. Legal & Governance

5.1. 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”.

6. Supporting Information

6.1. Report to Audit and Standards Committee 27 April 2026 – 2026/27 Internal Audit Strategy & Plan (Link).