

<b>Classification:</b> Open	<b>Decision Type:</b> N/a
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<b>Report to:</b>	Audit Committee	<b>Date:</b> 14 April 2026
<b>Subject:</b>	Internal Audit Progress Report	
<b>Report of:</b>	Section 151 Officer	

## Summary

1. This report outlines the work undertaken by Internal Audit from 1 January to 31 March 2026 which includes the progress to date to complete the 2024/25 audit plan and commence the 2025/26 audit plan. The report enables Members to monitor the work of the Internal Audit service, raise any issues for further consideration and provide an opportunity to request further information or to suggest areas for additional or follow up work.

The conclusions drawn from the report are:

- Work on the 2025/26 plan is progressing, with 17 reviews ongoing and 3 reports at draft stage. All audits from the 2025/26 plan have commenced.
- 3 final audit reports have been issued during the quarter 4 period.
- 7 first follow up exercises and 6 second follow up exercises have been completed between the period 1 January to 31 March 2026.

## Recommendation(s)

- Members note this report and the work undertaken by Internal Audit.

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## 1.0 Background

- 1.1 Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements i.e., the control environment. Internal Audit plays a vital role in reviewing whether these arrangements are in place and operating properly and providing advice to managers. On behalf of the Council, Internal Audit review, appraise and report on the efficiency, effectiveness and economy of these arrangements and provide assurance to the organisation (Chief Executive, Executive Directors, and the Audit Committee) and ultimately the taxpayers,

that the Council maintains an effective control environment that enables it to significantly manage its business risks. The service helps the Council achieve its objectives and provides assurance that effective and efficient operations are maintained.

- 1.2 The assurance work culminates in an annual opinion given by the Head of Fraud, Audit Insurance and Risk on the adequacy of the Council's control environment, based on the work undertaken, and this opinion feeds into the Annual Governance Statement.
- 1.3 The Internal Audit Plan for 2025/26 provides for 689 days to be delivered across all Council departments and Persona. The Audit plan covers a range of themes and was approved by Audit Committee at the meeting on 8 April 2025.
- 1.4 Work has been concluded on the outstanding reviews from 2024/25, and work is progressing on the 2025/26 audit plan. Regular progress reports are produced, informing Members of audit activities, and this is the fourth report of the 2025/26 financial year covering the period from 1 January to 31 March 2026 which includes 13 completed weeks.

## **2.0 UPDATE**

### **2.1 Annual Audit Plan**

- 2.1.1 The 2025/26 audit plan is shown at Appendix A and has been updated to show the position at the 31 March 2026.
- 2.1.2 The 2025/26 audit plan provided for 36 audit days to be allocated to reviews to be undertaken for Persona. A plan has now been agreed, and the audits are identified in Appendix A. One of the planned audits has been deferred into 2026/27 audit plan and replaced with an audit on the Sensio system.

### **2.2 Audit Plan Progress**

This report summarises the outcome of reviews undertaken, including work reported to Audit Committee in this period, work currently ongoing and draft reports which have been issued to Audit clients.

#### **Audits completed and Reports Issued**

- 2.2.1 During the period from 1 January to 31 March 2026, 3 audits have been finalised and issued since Audit Committee last met in February 2026.
  - Payroll – Voluntary Deductions
  - Hollins Grundy Primary School
  - St Andrews C of E Primary School, Ramsbottom

All 3 reports identified above provided a limited assurance rating.

All reports have been circulated to Audit Committee Members, the Leader of the Council and Cabinet Members.

2.2.2 Any level of assurance given to each audit is a balanced judgement based upon the established system of controls, the subject's approach to risk management and the nature of any recommendations and actions agreed. See Appendix B for explanations of the various levels of assurance.

Recommendations are classified over the categories of Fundamental, Significant and Merits Attention. See Appendix B for explanations of the various levels of priority.

2.2.3 The agreed actions to address the recommendations from the audit are designed to improve the control environment and / or improve "value for money" within the client's area of responsibility and we can report that the actions made in this period have been agreed by management.

Our audit reports include an action plan that records the detail of our findings, the agreed action that management intend to take in response to these findings and the timescale to undertake such action. This provides a record that progress can be measured against when we undertake our follow up audits.

## **2.3 Follow ups.**

All audit reports are subjected to a follow up review. For those reports issued with limited assurance, a follow up review is undertaken three months after the report has been finalised, and for all other reports, a follow up is undertaken after six months. The recommendations which have been graded fundamental or significant are subjected to a detailed follow up which includes audit testing. Since April 2025, recommendations graded merits attention are now also followed up, with the officer identified in the management action plan, and assurance is obtained that the recommendation has been implemented.

A second follow up is undertaken six weeks after the first follow up, to pick up on any recommendations that have not been implemented or only had partial implementation. Updates are provided to Audit Committee.

A recommendation tracker is in place and all recommendations that are still either outstanding or partially implemented after the second follow up are reported to the Governance & Assurance Board, which is headed by the Council Monitoring Officer.

There are no plans for a third follow-up process. Any reviews with recommendations which have not been implemented / only partially implemented are then passed to the Governance & Assurance Board to progress. Additionally, recommendations with outstanding actions are currently being monitored on an ad hoc basis by the Members Assurance Group.

In addition, after the second follow up audit has been completed, the Chair of the Audit Committee has the discretion to request the relevant Director to attend the Audit Committee meeting.

7 first follow ups reviews and 6 second follow up reviews have been completed in the period 1 January to 31 March 2026.

All reports have been circulated to Audit Committee Members, the Leader of the Council and all Cabinet Members.

The Governance & Assurance Board has met 3 times to discuss outstanding recommendations since the last progress report. The March 2026 meeting received updates of 16 recommendations, 5 fundamental and 10 significant and 1 merits attention, which are still either partially implemented / not implemented. Whilst the total number of recommendations has decreased since the last progress report, the direction of travel of total number of recommendations being classed as implemented at second follow up is still positive.

## **2.4 Other work**

This section details other work completed by the audit team.

### **Assurance work – Ongoing reviews**

2.4.1 There are 17 audits in progress from the 2025/26 plan. Audits which are currently taking place are:

- Creditors – Deep Dive
- Revenues Recovery & Enforcement
- Trusts Managed by the Council
- GDPR Officer Compliance
- St Andrew C of E Primary School Radcliffe
- Housing – Complaints Procedures
- Income and Banking Key Controls 2025/26
- Main Accounting Key Controls 2025/26
- Grant Registers
- Housing Rent Collection & Control
- Payroll – Leavers Deep Dive
- Direct Payments – Adults
- St Peters C of E Primary School
- Housing Day to Day Repairs
- Waste Management
- Quality Assurance on Care Market Providers
- Sensio System

### **Assurance work – Draft reports**

2.4.2 The following reviews have been completed, and draft reports have been issued to the client:

- Catering Services provided to Secondary Schools
- Persona – Grundy Day Care Centre
- Persona – The Green Café

### **Assurance work – Allocated**

2.4.3 All audits from the 2025/26 plan have been allocated and are progressing.

### **Grants**

2.4.4 The Bus Operator Grant 2024/25 verification exercises have been completed, signed off and submitted to the Department for Transport (DfT). No other grant certifications have been undertaken.

### **Supporting Transformation and Change**

2.4.5 The Internal Audit Plan 2025/26 includes an amended provision of 44 days to be made available to support services throughout the year by providing consultancy advice or independent assurance as / when our input is appropriate.

Advice given in the period 1 January to 31 March 2026:

- Work is undertaken with Registrars on a quarterly basis to securely destroy any spoilt certificates
- Anti-money laundering checks
- Attendance to the Procurement Continuous Improvement Group (PCIG)
- Attendance to the Finance Transformation Board
- Provided support relating to a data breach covering Bury, Bolton and Rochdale Councils
- Crisis and resilience fund – changes to legislation affecting the Revenue and Benefits section
- Advice given to the Complaints team in relation to public liability insurance levels for independent investigating officers who are appointed for Children's Services Social Care complaints
- Data Protection liability insurance caps for external suppliers who are Data Processors for the Council
- Attendance to meetings with Lloyds Bank and Procurement in relation to Purchase Cards

## **2.5 Investigations / Fraud / Whistleblowing**

The team continues to be available to support the business with internal investigations providing technical skills and advice when called upon and managing the whistleblowing hotline / online referrals.

Details of investigations are reported separately to Audit Committee in part B of the meeting.

## **2.6 School Audits**

For 2025/26 the annual plan includes 50 days to undertake individual school reviews. The audit team have consulted with colleagues from Children's Services and have developed a school audit plan to be delivered. All 4 school reviews have been undertaken.

In addition, arrangements remain in place that Internal Audit will undertake School Audits on requests received, during the year, from the Executive Director of Children's Services and / or Director of Finance, where it is thought an audit review would be beneficial to the School and the Council.

An Education and Skills Leadership team has also been established within the Council and Internal Audit are represented on this group, providing advice to the group on specific issues which may arise at schools.

## **2.7 Collaboration**

We have ongoing representation on sub-groups of the Northwest Heads of Internal Audit Group. The groups have been established to share good practice across the region.

- IT Audit Group
- Schools Audit Group
- Chief Audit Executive Group

## **2.8 Performance Measures and Targets**

Please find at Appendix C performance measures & target results up to the end of quarter 4 (1 April 2025 to 31 March 2026). The results are as follows:

### **Finance and Resources**

- 4 KPI's met
- 1 KPI not met

When calculating the Auditor Utilisation (audit days) PI for the whole year it was identified that the original 'chargeable' days figure included within the previous reports of 184 was incorrect. This should have been 144 days (144 x 4.8 FTE = 689). This has been amended in the KPI information being reported at this meeting.

### **Customer & Stakeholder**

- 4 KPI's met
- 1 KPI not met

### **Continuous Improvement**

- 2 KPI's met
- 2 KPI's not met

## **Practice & Delivery**

- 3 KPI's met
- 1 KPI not met

## **Summary**

Out of 18 KPI's, 13 have been met and 5 have not been met. This equates to 72%.

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## **Links with the Corporate Priorities:**

- Internal Audit undertakes assurance work to all Departmental Directors and Statutory Officers regarding the systems in place, making recommendations for improvements to control and protect the assets and resources of the Council. The control and mitigation of the loss of funds gives the assurance that public money is used in an appropriate manner to deliver the Corporate Priorities.
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## **Equality Impact and Considerations:**

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Internal Audit provide assurance to Committee Members and the public that the organisation is delivering services in line with agreed policies and procedures which have considered the requirements of the Equality Act 2010.

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## **Environmental Impact and Considerations:**

- N/a – no decision required.
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### Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
Risks are highlighted in Audit Plans and in the terms of reference for each Audit review.	Internal Controls are reviewed in each audit to mitigate identified risks. Actions are reported to managers and progress is monitored and reported on a regular basis.

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### Legal Implications:

- The Council must have a sound system of internal control which facilitates the effective exercise of its functions, including risk management. This is both a legal requirement and a requirement of the Financial Regulations set out in the Council's Constitution. This report provides information on the work of the Council's Internal Audit Service, in ensuring compliance.

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### Financial Implications:

- There are no financial implications arising from this report. The work of the Internal Audit Service however supports the governance framework.

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### Background papers:

- Internal Audit Plan 2025/26 (Appendix A)
- Explanation of Opinion ratings (Appendix B)
- Performance Measures and Targets 2025/26 (Appendix C)
- Internal Audit and Follow Up Reports issued throughout the course of the year

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

Term	Meaning
GDPR	General Data Protection Regulation
DfT	Department for Transport
PCIG	Procurement Continuous Improvement Group