



HUNTINGDONSHIRE DISTRICT COUNCIL

Internal Audit Progress Report

Corporate Governance Committee – 24 September 2025

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KEY MESSAGES

The internal audit plan for 2025/26 was approved by the Corporate Governance Committee (CGC) on 25 March 2025. This report provides an update on progress against that plan and summarises the results of the work completed by to date.



2025/26 Internal Audit Plan - Since the last CGC meeting in July 2025, we have finalised the following seven internal audit reports:

- Capital Programme (**Partial Assurance**)
- Data Quality and Performance Management (**Partial Assurance**)
- Contract Management (**Partial Assurance**)
- Procurement (**Partial Assurance**)
- Transformation (**Partial Assurance**)
- Council Tax (**Reasonable Assurance**)
- Housing Benefits (**Reasonable Assurance**)

The following reports is currently at **draft** report stage:

- Complaints and Compliments **[to note]**



Details of the progress made and scheduling of the 2025/26 internal audit plan are included at Appendix A. **[To note]**

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1. FINAL REPORTS

1.1 Summary of the key issues arising from the final reports being presented to this Committee

This section summarises the reports that have been finalised since the last meeting.

Assignment	Opinion issued	Actions agreed		
		L	M	H
Capital Programme 2025/26:				
The audit identified control design weaknesses and instances of non-compliance with the control framework, resulting in the agreement of seven medium-priority and two low-priority management actions.				
There is a lack of comprehensive, up-to-date and accessible documentation governing the capital programme. This includes gaps in the procedures for capital bid approvals, managing in-year capital additions, record keeping and ongoing monitoring. There is no formal framework for evaluating capital bids strategically, and the capital bid form lacks a designated field to evidence review and approval mechanisms. Of five 2025/26 capital bids sampled, one did not have a completed capital bid form. Our testing also raised concerns about the timeliness and traceability of TechOne account disablement, posing a potential risk to system security.	Partial Assurance	2	7	0
Testing did not identify any issues related to the capitalisation of expenditure. Similarly, our review of a sample of projects confirmed that business cases for capital spend had been appropriately approved, despite their being no central repository for business cases. Monitoring of capital expenditure variances is in place, with over- and underspends reported to Cabinet quarterly along with relevant explanations.				
<u>No high priority management actions.</u>				
Data Quality and Performance Management 2025/26:				
This audit has identified control weaknesses relating to data quality and performance reporting, resulting in one high priority, four medium and three low priority management actions.				
The high priority finding relates to gaps in the Performance Management Framework (PMF) and the absence of a Data Quality Framework. The current PMF does not clearly outline the annual target setting process, including who is responsible for reviewing and approving targets. It also lacks clarity on document ownership and review cycles. These gaps present a governance risk, as inconsistent approaches to performance and data management can lead to unreliable reporting and undermine effective decision-making. A combined action has been agreed to update and strengthen the PMF, incorporating data quality requirements into a single, integrated framework.	Partial Assurance	3	4	1

Assignment	Opinion issued	Actions agreed		
		L	M	H
<p>We also identified that the Terms of Reference (TOR) for the OPE Board contained an outdated list of attendees, despite the document being dated May 2025. This reduces clarity around governance and accountability. An action has been agreed to review and update the TOR, introducing version control and formal approval processes. Despite this issue, OPE Board meetings were found to be taking place as scheduled and were supported by formal agendas and minutes.</p> <p>Our reconciliation of performance data in reports back to source records found data quality discrepancies for two of the PIs. In addition to the areas for improvement, the audit identified several positive practices. For the performance indicators sampled, data was submitted by PI owners to the Business and Transformation team in a timely and consistent manner. It was also noted that the 2025/26 annual targets are now being presented to the Overview and Scrutiny Committee and Cabinet, promoting transparency and enhancing oversight within the Council's performance management process.</p> <p>These findings provide a solid foundation for the Council to build on and will support the Business and Transformation team in its ongoing efforts to enhance data quality and performance management.</p> <p><u>Management Action 1:</u></p> <p>We will update the 2023 Performance Management Framework to reflect current practices and incorporate data quality into a single, integrated document. The new framework will:</p> <ul style="list-style-type: none"> • Document the target-setting process, including roles and data • Standardise expectations for Data Quality Templates • Clarify reporting timelines and responsibilities • Establish document ownership and review procedures • Be communicated to staff for consistent application. <p><u>Priority:</u> High</p> <p><u>Responsible owner:</u> Steffen Gosling - Business Performance and Insight Team Leader</p> <p><u>Deadline:</u> 15 October 2025</p>				
<p>Contract Management 2025/26:</p> <p>We noted a number of areas where the control framework requires improvement. Training materials for contract management were available to staff via the Intranet, however no formal training sessions had yet been held despite the Procurement Act 2023 coming into force in February 2025. There is an aim to deliver training from August 2025. Furthermore, while the contract register provided details on each contract, 294 out of the 570 contracts recorded had expired at the time of the review. In a number of cases, the start and end dates in the contract did not align with the dates recorded within the register. There is also a need to ensure that the register is updated and made visible to budget holders to enable them to update the system.</p>	<p>Partial Assurance</p>	1	5	1

Assignment	Opinion issued	Actions agreed		
		L	M	H
<p>Additionally, we found one instance where key performance indicators had not been reported on to the relevant supplier contract management meeting.</p> <p>We confirmed the Council had some areas where the controls were operating effectively. Of the finalised contracts reviewed, in both cases, the contract was retained by the Council and the contract was signed off in line with the Constitution. Furthermore, the contract database outlined the details of each contract, including quote title, department and estimated value, as well as an audit trail of the actions taken for managing each contract.</p> <p><u>Management Action 3:</u></p> <p>A formal action plan will be implemented, outlining the Council's actions around re-tendering for expiring contracts. The contract register will be updated, removing the contracts the Council will not re-tender for, in a timely manner. Where appropriate, expiring contracts that are not longer needed and there is no recurring need for services should be archived.</p> <p><u>Priority:</u> High</p> <p><u>Responsible Owner:</u> Procurement Manager</p> <p><u>Deadline:</u> 30 September 2025</p>				
<p>Procurement 2025/26:</p> <p>Our review identified several control weaknesses which have resulted in the agreement of one high, four medium and six low priority management actions. These included testing confirming that the procurement process was not being followed consistently or evidenced with documentation. The published version of the Code of Procurement had not been updated in time for the new legislation (Procurement Act 2023), although we noted that the Procurement Lead had a working copy that was being updated currently that was provided as part of the audit to ensure alignment with legislation. Also, the waiver process was not being consistently followed as we noted these were very low in number. Whilst the Council has developed numerous processes to meet the requirements of the Procurement Act 2023, the framework was not yet fully embedded. We recognise that the organisation is on an improvement journey and is actively working to embed changes. However, of particular concern was our sample testing of nine payments less than £50k where there were six instances where sufficient written quotations were not held and waivers had not been documented. In addition, there were no checks completed by the Procurement Team to provide oversight of this process, so they were unaware of this spend.</p> <p>We did, however, find some controls in place including for Direct Award and process maps with clear responsibilities for the different agents like Service Leads, Procurement Leads and IT. We also found that the Procurement Board was meeting regularly since March 2025 although there were also issues with a lack of administrative support to the Procurement Board in the early stages which meant minutes were not consistently produced and shared with key stakeholders. We noted that the new Monitoring Officer has introduced a new house style for minute taking and action recording and recently launched a new approach to administration of the forum.</p>	<p>Partial Assurance</p>	6	4	1

Assignment	Opinion issued	Actions agreed		
		L	M	H
<p><u>Management Action 9:</u></p> <p>We will ensure the Procurement Team has oversight of the process and verifies that sufficient documented quotations are obtained, or waivers are completed, in line with guidance in the Code of Procurement.</p> <p><u>Priority:</u> High</p> <p><u>Responsible Owner:</u> Michel Ngue-Awane, Procurement Lead</p> <p><u>Deadline:</u> 30 September 2025</p>				
<p>Transformation 2025/26:</p> <p>Management was concerned that there was inconsistency in how projects follow guidance and templates, and as a result, wanted to understand how controls could be improved. Our review identified areas of control design weaknesses and there are areas of non-compliance in regards to the management of the Transformation Programme, which have resulted in the agreement of one high, eight medium and two low priority management actions.</p> <p>Areas of poor control design included the absence of standardised project management processes and the lack of a project management system in place to aid in the PMO's oversight and Project Managers' management of projects. Furthermore, the Transformation Plan lacks a strategic, top-down planning approach, with projects primarily being initiated and developed at the service level. The current project monitoring framework does not include a live dashboard, which could aid in real-time visibility of project status, progress, and risks.</p> <p>Sample testing identified areas of non-compliance with expected project documentation standards. Several projects lacked key documentation, such as Business Cases, Project Initiation Documents, Financial Assessments, Project Risk Registers, regular progress reporting to the PMO, clearly defined financial implications and cost estimates and completed Benefit Realisation Plans.</p> <p>We did confirm some well designed controls in place surrounding the approval of the Transformation Programme by service managers, HOS and Directors, and the planned approval by the Senior Leadership Team following a governance review led by the Corporate Director (Communities). Review of the Transformation Programme also confirmed that it incorporated the eight recommendations provided to the Council by the Local Government Association (LGA) Corporate Peer Challenge. Sample testing also confirmed that projects had completed milestone planning and aligned to HDC's organisational objectives.</p> <p><u>Management Action 1:</u></p> <p>The PMO will create a standardised project management toolkit, which will include including templates and guidance for consistent project management. This could be supported by training for Project Managers to ensure consistent application and continuous improvement of project management practices.</p>				
	Partial Assurance	2	8	1

Assignment	Opinion issued	Actions agreed		
		L	M	H
<p><u>Priority:</u> High</p> <p><u>Responsible Owner:</u> Lucy Aston, Corporate Performance and Transformation Manager</p> <p><u>Deadline:</u> 31 March 2026</p>				
<p>Council Tax 2025/26:</p> <p>Key controls across Council Tax billing, collection, and recovery processes were found to be broadly well-designed and effectively implemented. Positive findings included documented tax base calculations and formal charges approvals. Billing processes feature robust verification and timely exception reporting. Debt recovery follows a clear timetable with appropriate court approvals obtained. Write-offs are properly authorised and regularly audited. NEC system access is well managed, with thorough user onboarding, timely deactivation, and annual reviews. Governance is supported by comprehensive management information and KPI reporting. Some instances of control design weakness and of non-compliance were identified, resulting in the agreement of one medium-priority and seven low-priority management actions.</p> <p>The NEC system does not enforce refund approval hierarchies based on value and processed refunds are not subject to retrospective audit. This presents a risk of unauthorised or inappropriate refunds. Other areas of control weakness were that bailiff account reconciliations are completed every six months but with a lack of consistent formal review and sign-off. It was also noted that there is no formal documentation or evidence maintained of a monthly check between a report detailing all current NEC system users and their corresponding job and the master data spreadsheet of system user accounts.</p> <p>Sample testing identified some instances of non-compliance. In one instance monthly reports relating to the suppression of Council Tax 1st, 2nd, Final Reminder, and Summons letters were not checked and marked up as such. Intended bi-monthly meetings with the Council's enforcement agents (Newlyn and Jacobs) have been less frequent and monthly cash and refund reconciliations lack timely management review. Procedures await migration to a new format and some gaps in procedures were observed, though we noted their update was a work in progress.</p> <p><u>No high priority management actions.</u></p>	<p>Reasonable Assurance</p>	7	1	0
<p>Housing Benefits 2025/26:</p> <p>Overall, controls were found to be adequately designed. However, testing identified some areas where compliance with the control framework can be improved. We found that following quality assurance checks, feedback on identified errors to staff is not always provided promptly or formally, which may limit opportunities to address issues before they are repeated. Whilst quality assurance is completed daily and is based on the total caseload, the coverage of activity is not monitored at the individual assessor level. It was also identified that the overpayment report, run by assessment team leaders twice a week,</p>	<p>Reasonable Assurance</p>	7	0	0

Assignment	Opinion issued	Actions agreed		
		L	M	H
<p>was incorrect in one instance and therefore would not have captured all generated overpayments, but that this was an isolated issue.</p>				
<p>The audit confirmed that performance monitoring arrangements are well established, with regular weekly and monthly reporting providing management with clear oversight of processing times, and accuracy rates. Financial controls were sound, with clear segregation of duties for reconciliations and prompt investigation of high-value payments to ensure that any issues can be corrected without delay. Access controls were tested and found to be robust, and the Business Continuity Plan was up to date. Our testing of a sample of housing benefits claims processed and rejected found that these were processed in line with organisational policy.</p>				
<p><u>No high priority management actions.</u></p>				

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APPENDIX A: PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2025/26

Assignment		Status / Opinion issued / Start date	Actions agreed			Target CGC	Actual CGC meeting
			H	M	L		
1	Human Resources – Recruitment and Retention	Final Report – Partial Assurance	1	6	1	July 2025	July 2025
2	Payroll	Fieldwork in progress				September 2025 (now Nov 2025)	
3	Capital Expenditure	Final Report – Partial Assurance	0	7	2	September 2025	September 2025
4	Data Quality and Performance Management	Final Report – Partial Assurance	1	4	3	September 2025	September 2025
5	Contract Management	Final Report – Partial Assurance	1	5	1	September 2025	September 2025
6	Procurement	Final Report – Partial Assurance	1	4	6	March 2026	September 2025
7	Transformation	Final Report – Partial Assurance	1	8	2	September 2025	September 2025
8	Council Tax	Final Report – Reasonable Assurance	0	1	7	September 2025	September 2025
9	Housing Benefits	Final Report – Reasonable Assurance	0	0	7	September 2025	September 2025
10	Complaints and Compliments	Draft Report				November 2025	
11	Business Rates	Fieldwork in progress				March 2026 (now Nov 2025)	
12	Creditors	Fieldwork in progress				Nov 2025 / Jan 2026	
13	Capacity Planning	September 2025 – planning				November 2025	
14	General Ledger	October 2025 – planning				January 2026	
15	Risk Management	November 2025 - planning				January 2026	
16	Disabled Facility Grant (DFG) Verification	Fieldwork in progress				N/A	
17	Artificial Intelligence (AI)	November 2025 – planning				March 2026	
18	Market Towns Programme	December 2025 – planning				March 2026	
19	Workforce Development Strategy	December 2025 – planning				March 2026	

Assignment		Status / Opinion issued / Start date	Actions agreed			Target CGC	Actual CGC meeting
			H	M	L		
20	Follow Ups	Dec 2025 / Mar 2026 – planning				March / June 2026	
21	Effectiveness of CDIO Role	January 2026 – planning				March / June 2026	
22	Democratic Services	January 2026 – planning				June 2026	
23	GDPR (Advisory)	February 2026 – planning				June 2026	

APPENDIX B: OTHER MATTERS

There have been no changes to the Internal Audit Plan for 2025/26 since the last meeting in July 2025.

Detailed below are the changes to the 2025/26 internal audit plan previously reported to the Committee.

Note	Auditable area	Reason for change
	The Risk Management review is now scheduled for Q3 at the request of the S151 Officer, with the Complaints and Compliments audit being brought forward into Q2 in response to this request.	
	We have commenced the scheduling process for the 2025/26 internal audits and there have been some minor changes to timing of reviews. This includes Risk Management moved to Q2, Capital Expenditure moved to Q1, Data Quality and Performance Reporting moved to Q1 and Workforce Development Strategy has moved to commence in Q3. The DFG Grant Verification timing is under review and being scheduled.	

FOR FURTHER INFORMATION CONTACT



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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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