HUNTINGDONSHIRE DISTRICT COUNCIL

Internal Audit Progress Report

Corporate Governance Committee – 28 January 2026

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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 November 2025, we have finalised the following three internal audit reports:

- **Capacity Plannin (Advisory)**
- **General Ledger (Partial Assurance)**
- **Workforce Development Strategy (Substantial Assurance)**

The folllowing internal audit report has been issued in draft:
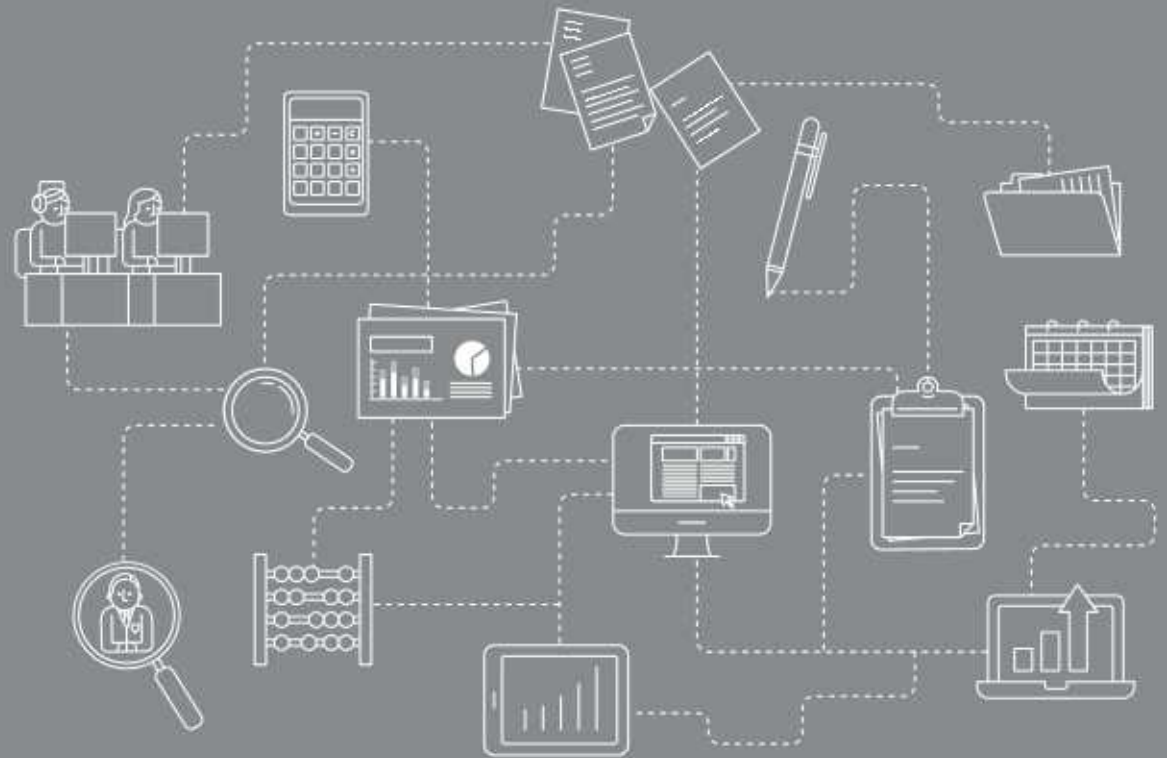
- Follow Up – Part One

Fieldwork for the following reviews is currently in progress:

- Market Towns Programme
- Democratic Services
- Risk Management
- Effectiveness of CDIO Role **[to note]**

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

Final Reports

01

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
Capacity Planning 2025/26: This advisory review has identified several weaknesses in how the Council assesses and understands service capacity and resourcing, resulting in **one high, three medium and one low priority management actions.** There is currently no consistent approach for understanding service capacity or resource availability across BAU and change activity which limits visibility of whether the Council has sufficient capacity to deliver its statutory activity alongside transformation commitments. While Service Planning captures planned activity, it includes only limited questions on resourcing and does not require services to evidence how BAU activity or wider capacity has been assessed. As such, it cannot be relied upon to provide assurance that resources are sufficient or that the Council is not at risk of overcommitting. This will become increasingly important as the Council prepares for Local Government Reorganisation (LGR), where a clearer understanding of individual service pressures and capacity will be essential. The testing also identified that there is no single documented methodology setting out the required content of Service Plans, the roles and responsibilities at each stage, or the expected review and approval route. Similarly, the Transformation Team's review and challenge activity is not yet documented or supported by defined criteria or a standardised approach. There are several strengths that provide a solid foundation for improving capacity planning. The Corporate Plan sets clear strategic priorities, giving services a shared understanding of where resources should be focused. Service Planning offers a mechanism for recording planned activity, which supports delivery of these priorities. For the 2026/27 cycle, the Transformation Team provided guidance, templates, and optional one-to-one support to help managers complete their plans. The introduction of Microsoft Lists with mandatory fields aims to improve consistency and to ensure key information is captured. These developments demonstrate a commitment to improving service planning processes and creates an opportunity to embed a more formal and consistent approach to assessing capacity and resourcing within future Service Planning cycles. High Priority Action: Consider the development of a proportionate, corporate approach for assessing capacity and resource availability across all service areas. This should support services to:	Advisory	1	3	1

- Set out their BAU activity, planned change work and expected future pressures
- Understand the time and effort involved in BAU tasks, including typical volumes and peaks
- Record the resources they have available, such as people, time and skills
- Compare workload with available capacity so they can identify gaps, pressures or risks of overcommitting.
- Provide clear capacity information to support decision making, rather than relying solely on professional judgement.

Capacity assessments should be reported and monitored through an agreed route so that risks are visible and the Council can see where support or prioritisation is needed.

Responsible Owner: Interim Head of Service for Transformation and Corporate Reporting, Lucy Aston

Deadline: 30 September 2026

General Ledger 2025/26:

Partial Assurance

The audit identified several control design weaknesses and instances of non-compliance within the Council's General Ledger processes. As a result, six medium-priority and six low-priority management actions have been agreed.

Key control design weaknesses observed highlight the need to strengthen governance, particularly in relation to the absence of formal policies governing journal processing and amendments to the chart of accounts, gaps in document governance such as missing version control and review dates, and the lack of sample checks on high-value journals. Segregation of duties requires consideration, particularly in relation to cash postings and bank reconciliations. In addition, the payroll reconciliation process is not consistently reviewed or incorporated into the finance month-end checklist. Systems and data assurance controls also require strengthening; the annual TechOne user access review log does not include fields to evidence the completion of required changes, and there is no formal assurance over daily data backups performed by TechOne.

6   6   0

Areas of non-compliance were also noted. The Council's Financial Regulations, included within the Constitution, require updating, unexplained differences were identified in the accounts receivable reconciliation due to a known system issue, and the month-end checklist has not been consistently reviewed by the Head of Finance or a designated deputy.

Overall, while some compensating controls are in place, enhancements are needed to strengthen governance, improve segregation of duties, and ensure more robust documentation, monitoring, and review practices. Timely implementation of the agreed actions will help reduce the risk of financial reporting inaccuracies and potential irregularities, supporting more reliable financial management and oversight.

No high priority management actions.

Workforce Development Strategy 2025/26:

Substantial Assurance

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Overall, we found that the Workforce Development Strategy and its associated initiatives are supported by an established governance structure and regular reporting to the Employment Committee, which provides oversight over the implementation

of actions. The Strategy is clearly set out and supported by an action plan with defined themes and SMART-aligned activities, and we noted increasing completion of actions over time. The Leadership Development Programme is also in place with structured modules and attendance tracking, and the Council actively gathers staff feedback through surveys and quarterly roadshows.

However, some areas for improvement were noted. While compliance with the Leadership Development Programme is monitored through the attendance spreadsheet and follow-up actions, key discussions regarding progress are not formally recorded, limiting visibility over whether managers complete mandatory training. In addition, there is no central oversight of the revised one to one process; this approach is intentional to respect the sensitive wellbeing section within the discussions and to align with organisational values of accountability and fostering an adult-to-adult culture. The 2025 annual staff survey results indicate variation in how often meetings take place, creating a risk of reduced engagement and missed development discussions. However, proactive and proportionate measures are already in place and further are being considered, and we therefore did not agree a management action.

No high priority management actions.

Appendices

02

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	Final Report – Reasonable Assurance	1	4	0	September 2025 (now Nov 2025)	November 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	Final Report – Reasonable Assurance	0	4	2	November 2025	November 2025
11	Business Rates	Final Report – Reasonable Assurance	0	1	3	November 2025	November 2025
12	Creditor Payments	Final Report – Partial Assurance	2	9	1	November 2025	November 2025
13	Disabled Facility Grant (DFG) Verification	Assignment Complete	-	-	-	N/A	N/A
14	**Capacity Planning**	**Final Report – Advisory**	1	3	1	**November 2025**	**January 2026**
15	**General Ledger**	**Final Report – Partial Assurance**	0	6	0	**January 2026**	**January 2026**
16	**Workforce Development Strategy**	**Final Report – Substantial Assurance**	0	0	1	**March 2026**	**January 2026**
17	Follow Up – Part 1 / Follow Up – Part 2	Draft Report / February 2026				March 2026 / June 2026	
18	Market Towns Programme	Fieldwork in progress				March 2026	
19	Effectiveness of CDIO Role	Fieldwork in progress				March 2026	

	Assignment	Status / Opinion issued / Start date	Actions agreed			Target CGC	Actual CGC meeting
			H	M	L		
20	Risk Management	Fieldwork in progress				Jan 2026 (now March 2026)	
21	Democratic Services	Fieldwork in progress				March 2026	
22	ICT Budget Management (replaces AI)	February / March 2026 - planning				June 2026	
23	GDPR (Advisory)	February 2026 – planning				June 2026	

APPENDIX B: OTHER MATTERS

There have been the following changes to the Internal Audit Plan for 2025/26 since the last meeting in November 2025.

Note	Auditable area	Reason for change
2	Articial Intelligence (AI)	We have been requested by the Section 151 Officer and the Chief Digital and Information Officer (CDIO) to replace the Articial Intelligence (AI) internal audit with a review into ICT Budget Management. We are in the process of scoping and scheduling this review.
3	Risk Management – start date change	The Risk Management review is now scheduled for Q4 at the request of the previous S151 Officer and the Monitoring Officer. This review will be an advisory review to provide forward looking advice in respect of methods to further develop and enhance risk management arrangements. Given the Risk Manager is relatively new in post, it was agreed that a review in Q4 would add most value.
4	Various IT Audits	Following further scoping meetings we have amended some timeframes for audits with audit sponsors. These amendments in timing were made in respect of the technology risk related audits, including Artificial Intelligence (AI), Effectiveness of CDIO Role and GDPR reviews. This is a result of scoping meetings with the relevant 3C Shared Services Director.

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

Note	Auditable area	Reason for change
1	Various Audits – Start date changes	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 Capital Expendture moved to Q1, Data Quality and Performance Reporting moved to Q1 and Workforce Development Strategy has moved to commence in Q3.

Head of Internal Audit opinion 2025/26

The Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report. In particular the Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified / negative annual opinion.

We have issued eight negative (partial) assurance reports for the year to date. We agreed with the CEO and S151 that this was possible given some of these areas have not been subject to review in recent years, and we have agreed wider scopes of work. These eight opinions will impact the year end opinion. We do have two follow up audits to carry out, one of which has been issued in draft, and a part two that is scheduled for March 2026. When finalised, these Follow Ups will determine if these actions have been implemented promptly in year, which will also be taken into account when preparing our opinion.

We will keep the S151 Officer, and the wider CLT appraised of the potential impact on the year end opinion as more reports are finalised. We will also advise the Committee at the next meeting, and we have further briefing scheduled in January 2026 for the lead Councillor for Governance, with further briefings scheduled in 2026.

We have provided the definitions of our assurance opinions at Appendix C to this report.

Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams. The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

APPENDIX C: ASSURANCE OPINIONS

Minimal Assurance

Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).

Reasonable Assurance

Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).

Partial Assurance

Taking account of the issues identified, the board can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).

Substantial Assurance

Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

FOR FURTHER INFORMATION CONTACT

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