

# Brighton & Hove City Council

## Audit, Standards and General Purposes Committee

## Agenda Item 38

**Subject:** Internal Audit and Counter Fraud Quarter 2 Progress Report 2025/26

**Date of meeting:** 25<sup>th</sup> November 2025

**Report of:** Interim Director of Finance and Property (S151)

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**Ward(s) affected:** All

**For general release**

### **1. Purpose of the report and policy context**

- 1.1 This report provides Members with an update on all internal audit and counter fraud activity completed during quarter 2 (2025/26), including a summary of all key audit findings. The report also includes an update on the performance of the Internal Audit Service during the period.

### **2. Recommendations**

- 2.1 That the Committee note the report and consider the findings from Internal Audit activities in accordance with the Committee's terms of reference.

### **3. Context and background information**

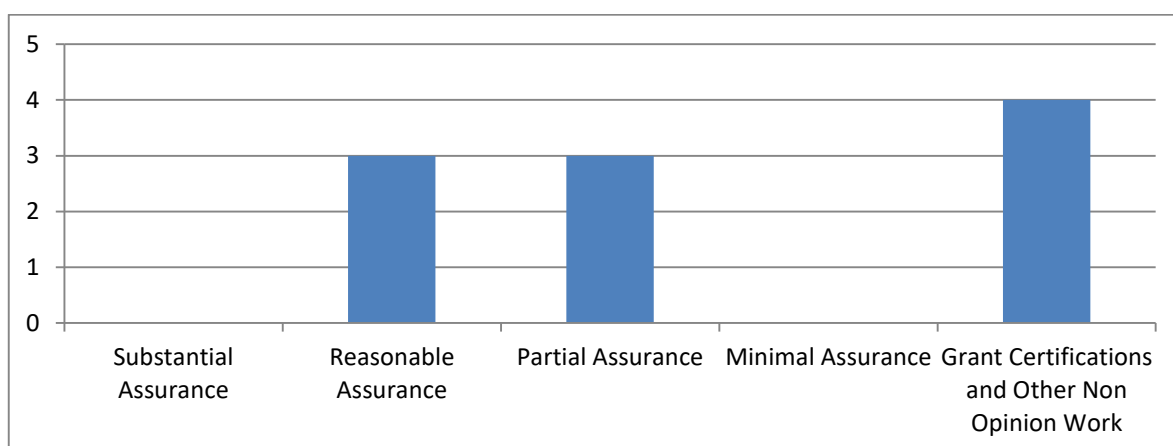
- 3.1 The current annual plan for internal audit is included within the Internal Audit Strategy and Annual Plan 2025/26 Report which was approved by the Audit, Standards and General Purposes Committee on 22nd April 2025.

### **4. Analysis and consideration of alternative options**

- 4.1 Full details of both the internal audit and counter fraud work delivered during quarter 2 are detailed in Appendix 1, together with our progress against our performance targets.
- 4.2 During quarter 2 there were three reports issued with an opinion of Partial Assurance, as follows:
- Accounts Receivable
  - Off Payroll Payments (IR35) follow up

- Elm Grove Primary School

- 4.3 A follow-up review will be completed for all partial assurance reports to assess progress in implementing agreed actions. This report contains two audits where a partial assurance opinion has been repeated from the previous review and insufficient progress has been made on previously agreed actions.
- 4.4 Following on from the 2024/25 annual audit opinion of Partial Assurance, we continue to take the opportunity to discuss current and emerging audit opinions with senior management, who have clearly recognised the importance of strengthening the control environment and are committed to taking necessary action to address the issues arising. We will continue to work closely with management to help support the necessary improvement.
- 4.5 The audit opinions finalised in quarter 2 are summarised in the chart below, with three reasonable assurance and three partial assurance reports. In addition, there was one non-opinion report and three grant certifications, which have been included under the category “Grant Certifications and Non-Opinion work.”



- 4.6 Section 5 of the attached report, Appendix 1, shows the performance of the service in quarter 2. Delivery of the audit plan is showing as amber with 44.8% of the audit plan delivered against a target of 45% and 43.3% of the planned audit days used against a target of 45%. Although the figures are close to the target, the service is carrying some vacancies and has staff on maternity leave that has impacted performance against this target.

## 5. Community engagement and consultation

- 5.1 The quarterly progress report has been informed by internal audit and counter fraud work completed during the quarter which has included extensive engagement with officers.

## 6. Financial implications

- 6.1.1 It is expected that the Internal Audit Annual Plan 2025/26 will be delivered within existing budgetary resources. Progress against the plan and action

taken in line with actions support the robustness and resilience of the Council's practices and procedures in support of the Council's overall financial position.

Name of finance officer consulted: John Hooton  
06/11/25:

Date consulted

## **7. Legal implications**

- 7.1 The Accounts and Audit Regulations 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control, and governance processes, taking into account Global Internal Audit Standards. Reviewing the work planned and completed by the Council's internal audit function is a key part of the Audit, Standards and General Purposes Committee's delegated functions.

Name of lawyer consulted: Victoria Simpson Date consulted 4/11/2025

## **8. Risk implications**

- 8.1 The Council's Internal Audit Strategy and Plan is based on a combination of management's assessment of risk (including that set out within the departmental and strategic risk registers) and our own risk assessment of the Council's major systems and other auditable areas. Issues arising from individual audit reports, summarised in quarterly progress reports to this Committee, have been presented to management and action plans have been formally agreed to mitigate risks. It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved

## **9. Equalities implications**

- 9.1 There are no direct equalities implications.

## **10. Sustainability implications**

- 10.1 There are no sustainability implications.

## **11. Other Implications**

- 11.1 There are no other implications.

## **12. Conclusion**

- 12.1 The Committee is asked to note the report.

## **Supporting Documentation**

## **Appendices**

Internal Audit and Counter Fraud Quarter 2 Progress Report 2025-26

