APPENDIX 1

Internal Audit and Counter Fraud Quarter 1 Progress Report 2026/27

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Brighton & Hove City Council

1. Summary of Completed Audits

Implementation of Procurement Regulations

1.1. As a result of UK's exit from the EU, the Procurement Act 2023 was introduced to establish a new public procurement regime with further detail provided by the Procurement Regulations 2024. The new Regulations came into force on 24 February 2025 and apply to all procurements initiated after that date.

1.2. The Procurement Act was designed to:

- Provide greater freedom and flexibility to design procurement processes that meet the Council's needs and drive innovation;
- Open public procurement to small businesses and social enterprises so that they can compete for more contracts;
- Embed transparency right through the contract lifecycle;
- Improve access to procurement data to see how public money is spent; and
- Allow a stronger exclusions framework that make it easier to exclude suppliers that present unacceptable risks.

1.3. The objective of this audit sought to provide assurance that:

- The Council has processes to ensure it complies with its corporate requirements in relation to the new Procurement Regulations;
- New Regulations are communicated and embedded across the Council; and
- Procuring officers clearly understand the requirements and responsibilities of the new Regulations.

1.4. Our work focused on the activities undertaken by the Procurement Team to introduce the requirements of the new Regulations, embed them into their professional practice, and communicate the changes. It did not cover compliance with the new Procurement Regulations. This will be covered elsewhere in other audit assignments that involve a review of procurement and contract management practices.

1.5. The Procurement Team were previously in a shared partnership under Orbis with East Sussex County Council and Surrey County Council. This audit did not seek to review the new arrangements or the capacity of the team to fully support the Council's procurement and contract management activity.

1.6. We provided an opinion of **Reasonable Assurance** as the Procurement Team had undertaken relevant training in line with the requirements of the regulations. Knowledge of the Regulations then fed into an update of the Council's Contract Standing Orders and associated guidance. Our view is that the Procurement Team had successfully promoted the regulations as we found the majority of procuring managers were aware of the new Regulations.

1.7. We have, however, identified areas for improvement in relation to:

- Monitoring of non-compliant spend and;
- Update of procurement intranet pages to fully reflect the new regulations.

1.8. Actions to address these areas have been agreed with management within a formal management action plan.

Budget Management Corporate Process

1.9. Budget Management and control processes are key to ensuring that the Council has efficient mechanisms to manage its funds effectively, allocate and deliver services, monitor performance, and align financial resources to the Council's priorities. Key elements include budget setting, in-year monitoring, forecasting, and reporting. In recent years, the budget management process has involved the identification and reporting of savings. Additional controls around expenditure and recruitment have also been introduced to curb spending.

1.10. This audit reviewed the processes for the 2025-26 financial year. For 2025/26 the Council has a gross revenue expenditure budget of £962.1m, with approximately £16m of savings to deliver. Operational reserves were low in comparison to similar councils, and the Medium-Term Financial Strategy included a commitment to increase reserves to improve resilience.

1.11. The aim of this audit was to provide a review of the Council's corporate budget management arrangements and processes, including that:

- The Council meets its statutory requirements in relation to revenue budget management;
- Governance arrangements are clear and understood by those involved in the budgetary process;
- Adequate revenue budget planning and forecasting leads to the delivery of the Council's strategic objectives including statutory services;
- The budget approved is accurately reflected in the accounting system;
- Management information at both Directorate and team levels is adequate allowing delivery of effective revenue budget management, including meeting savings targets; and
- Expenditure controls are clearly considered and communicated at both Directorate and team levels, and there are high levels of compliance that result in meeting the set objectives.

1.12. We provided an opinion of **Reasonable Assurance** as we found that there is a corporate process in place that supports budget setting and responsible budget management.

1.13. The Council has a documented budget setting process and timetable in place outlining roles and responsibilities to facilitate development of a budget for the coming year, and an updated Medium Term Financial Strategy, both of which are formally approved by Cabinet.

Once the budget is approved, controls are in place to ensure this (including any savings targets) is correctly reflected in the general ledger, including reconciliation with block allocations.

1.14. Budget holders generally demonstrated understanding of their responsibilities, particularly the corporate requirement to review monthly Target Budget Management reports, which were found to be updated with comments and explanations of variances within the Financial Reporting SharePoint site. Budget holders engage positively with Finance Contacts and acknowledged their valuable support, with regular meetings held to review the reports, discuss variances, and escalate issues if needed. Finance contacts showed knowledge of the budgets in their remit and were able to demonstrate challenge of figures as required to help support accurate forecasting.

1.15. Directorate Leadership Teams and the Corporate Leadership Team remain apprised of the budgetary position via monthly summaries. Additionally, Finance staff attend Directorate Leadership Team meetings to provide updates and answer queries, with strong engagement from senior leadership noted.

1.16. We are aware that work is currently underway to improve oversight at Corporate Leadership Team and the level of compliance with the Council's expenditure controls. Whilst budget holders showed awareness of these, and mechanisms in place to limit inappropriate spend, the planned Spending Control Reporting pack will serve to enhance corporate monitoring of compliance.

1.17. We identified some areas where controls could be strengthened, and actions were agreed with management to:

- Review and refresh budget management guidance, with a focus on a "One Council" approach;
- Review and update the provision of budget management training to both officers and Members;
- Recirculate information relating to the recording and authorisation of virements; and
- Ensure lists of budget holders and finance contacts remain up to date.

1.18. Actions to address these areas have been agreed with management within a formal management action plan.

Parking Services – Cultural Compliance

1.19. Parking Services provide access and safety benefits for pedestrians, cyclists, motorists, and the wider community with regards to parking, traffic control, and concessionary travel.

1.20. This audit was included within the Internal Audit Plan to assess wider cultural and corporate compliance arrangements, thereby providing assurance that the identified risks are being effectively mitigated.

1.21. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- Management has appropriate arrangements for monitoring delivery of the service and assessing its performance and effectiveness;
- All key activities undertaken by the team are conducted in accordance with relevant legislation and the Council's policies and procedures;
- Robust management arrangements are in place, and all members of staff receive appropriate management and supervision; and
- Expenditure is only incurred for legitimate Council business and is in line with the relevant procurement process.

1.22. We provided an opinion of **Reasonable Assurance** and found compliance with corporate policies, staff had been reminded of their obligations in relation to these and more generally the Code of Conduct.

1.23. Whilst the audit identified areas of good practice, improvements were identified in relation to:

- The frequency and documentation of staff one-to-one meetings, including the discussion of objectives, performance, development needs, and wellbeing.
- The completion and recording of return-to-work discussions following staff absence.
- Compliance with the Council's Contract Standing Orders, including the establishment of formal supplier contracts and effective contract management arrangements.
- The completion, review, and management of annual declarations of interest, including the documentation of mitigating actions where conflicts are identified.

1.24. Appropriate actions have been agreed with management in relation to all findings in the report.

Add Your Own Device

1.25. This is a service that allows employees to use their personal devices to access work related apps and services, allowing the organisation to save on costs and reduce the number of devices they need to source and support on an ongoing basis. Using application management tools such as Microsoft Intune, staff can easily access managed services without a great deal of additional configuration. It provides employees with the flexibility to use devices they already own and are familiar with, which can improve operational efficiency. However, such initiatives can also present a wide array of risks that can have serious implications if realised.

1.26. The objective of this audit was to review risks against the operational benefits that a policy such as Use Your Own Phone (the local term for Add Your Own Device) can bring, as well as ensuring effective policies and guidance are in place. We reviewed whether controls are in place to meet the following objectives:

- Clear guidance is available to employees, highlighting the benefits of the initiative and

reassuring that personal device data remains inaccessible by the organisation;
- A robust policy is in place that explicitly states the responsibilities of employees around personal device usage;
- Effective and clearly documented configuration documentation ensures that all devices have the appropriate security and privacy risks addressed to allow effective personal device usage; and
- Stringent requirements are in place to ensure that only supported devices are enrolled in any personal device policies.

1.27. We provided an opinion of **Reasonable Assurance** over the arrangements in place to manage the risks associated with staff using their own personal devices. We found clear policies and guidance is in place with staff having to enrol and ensure they meet the eligibility criteria, including owning a device that meets the necessary software requirements.

1.28. We identified opportunities to strengthen the control environment, including:

- Conducting regular configuration reviews to ensure they remain relevant and effective; and
- Documenting when and who conducted such reviews, ensuring these are completed on a regular basis.

1.29. Actions to address these areas were agreed with management within a formal management action plan.

Housing Planned and Major Works follow up

1.30. The Housing Revenue Account contains the income and expenditure relating to the Council's social landlord duties covering, approximately, 11,900 rented properties and, in the region of, 2,300 leasehold properties. The capital programme provides investment in the Council's housing stock and the implementation of the long-term asset management approach.

1.31. Since April 2020, works are managed by the Council's in-house teams. The total budgets for 2025/26 for planned and major works were £26.9m for major works and £10.1m for planned works.

1.32. An audit of Housing Major and Planned Works undertaken in 2024/25, received an opinion of Partial Assurance with fourteen findings identified, including three assessed as high risk. We have therefore undertaken a follow-up review to review the extent to which actions agreed as part of the previous audit have been implemented.

1.33. We have provided an improved opinion of **Reasonable Assurance**, with most of the previously agreed actions either fully or partially implemented. Actions were agreed with management to address remaining areas of control weakness, including to:

- Develop a Housing Asset Management Strategy which is informed by a full stock

condition survey;
- Clearly evidence rationale for prioritisation of projects;
- Adhere to procurement requirements, including the Council's Contract Standing Orders; and
- Review approval limits within the NECH system to ensure payments for works are correctly authorised.

1.34. Actions to address these areas were agreed with management within a formal management action plan.

Housing Repairs

1.35. The responsive repairs and empty property refurbishment service was brought in-house in 2020 following the expiry of the Council's 10-year partnering contract with Mears. The service delivers routine and emergency repairs and procures specialist contractors where required. It supports a total housing stock of 15,489 properties, including 12,212 Housing Revenue Account (HRA) homes, 2,168 leasehold properties, 499 properties managed by Brighton & Hove Seaside Community Homes, and 610 properties leased by the Council for temporary accommodation.

1.36. Housing repairs processes should facilitate compliance with regulatory requirements and therefore minimise the Council's identified strategic risk of failure to maintain building and fire safety of council homes and property.

1.37. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- Business processes have been fully documented, are operational and shared with staff;
- Effective controls are in place for monitoring the delivery and quality of housing repairs and ensuring regulatory compliance;
- Performance issues are investigated and addressed;
- Effective controls are in place to ensure that contractors and suppliers are engaged in line with the Council's Contract Standing Orders, paid for goods or works received and costs are assigned correctly;
- The costs of repair jobs are controlled and monitored;
- Where adverse budget reporting is identified, concerns are escalated, and remedial action is taken to enable budgets to be met; and
- Sufficient information is captured and reported to support completion of statutory financial returns.

1.38. We provided an opinion of **Partial Assurance** as although the service has made significant progress since insourcing, we identified control weaknesses, primarily linked to the procurement of key trades, supplies and systems required to provide a robust service to residents, including provision of high quality and timely repairs.

1.39. The audit identified a number of control weaknesses, including:

- Delays in progressing key procurement activities and a continued reliance on procurement waivers;
- Ongoing use of the housing repairs system provided by the former supplier, resulting in inefficiencies and increased risk, including the absence of an interface with the materials supply chain;
- Contract management arrangements that are not fully aligned with the Council's Contract Management Framework;
- The absence of a Repairs and Maintenance Policy and incomplete documentation of key processes, including quality inspection procedures; and
- Continued underperformance against the Key Performance Indicator relating to the timeliness of routine repairs.

1.40. Management have agreed actions to address the weaknesses in control identified in order to mitigate the risk to the service.

1.41. A follow up review will be completed to review the progress of implementation of the actions agreed by management.

Transition of Young People into Adult Social Care

1.42. Young people may enter adult social care through a variety of pathways. This requires coordination between children's and adult services, as well as with education, health, and external providers, to ensure a smooth and consistent transition.

1.43. Clients with additional educational and social needs may require complex and varied support, and services may be provided by the Family, Children and Wellbeing directorate until the age of 18 or 24, depending on whether the young person has an Education Health and Care Plan (EHCP). If the young person has a physical disability and no additional learning needs, then as the client becomes an adult, services may transfer to Adult Social Care.

1.44. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- Governance arrangements, policies, and procedures are in place to ensure statutory duties are met, including transition assessments and the approval of care packages;
- Appropriate joint working practices and pathways between services and other agencies ensure a smooth transition into Adult Social Care for service users, and all individuals are identified timeously. Controls are in place to ensure there are no gaps in delivery and no young person who should transition is missed; and
- Effective oversight, identification, and management of all young people transitioning to Adult Social Care at an early stage is in place to inform and assist managing annual budgets and long-term financial planning.

1.45. We have been able to provide **Partial Assurance** based on our review of the current transition arrangements for young people moving to Adult Social Care. While we are aware that management has been reviewing this process for some time, delays in recruiting to the Programme Manager role has impacted progress in implementing the approved Transition Strategy and Delivery Plan.

1.46. We found a lack of clarity around roles and responsibilities for Council officers involved with transitions of young people to Adult Social Care. Key governance documentation for the transitions process, including a strategy, delivery plan, policies, and procedures were either not in place or not in date.

1.47. Data collection to enable effective monitoring of transition cases across all transition pathways is not always comprehensive. Furthermore, a live tracker document (for young people following a specific pathway) is planned but is not yet in place. This limits effective oversight, planning, and the identification of emerging risks within the transitions process.

1.48. Timely and or early notifications for referral are not always received. Therefore, opportunities for more effective transition planning may be missed, along with avoidable pressure on Adult Social Care at the point of transfer and potential higher provision costs.

1.49. However, we acknowledge that the team have been aware of weaknesses and have been working to address controls in this area, this audit should help inform that work.

1.50. The following actions were agreed by management to address the weaknesses identified in this audit:

- Finalising the draft strategy and launching the strategy and plan;
- Clearly defining roles and responsibilities;
- Improving data collection, monitoring and reporting and sharing of information between services;
- Ensuring closure of direct payment accounts is completed on time to minimise the risk of overpayments;
- Develop a live tracker for cases that are due to transition;
- Improve timeliness of referrals, particularly clients with mental health needs, so that cases are known at the earliest opportunity;
- Completing Care Act Assessments on time so that Direct Payments and client contributions are not adversely impacted;
- Updating Social Work policies and procedures on the intranet; and
- Updating documents of authorisation limits to reflect the current staff structure.

1.51. A follow up review will be completed to review the progress of implementation of the actions agreed by management.

Housing Client Property Asset Collection Controls follow up

1.52. An audit of Housing Property Asset Collection Controls was completed in 2025 following a high value of cash being discovered in a Council property. An audit opinion of partial assurance was given due to weaknesses in controls. Specifically, that there was no policy or sufficient procedures in place for staff to follow in relation to accepting, recording, transferring, and safeguarding cash on behalf of clients.

1.53. We have therefore, undertaken a follow-up review to assess the extent that the actions to improve control, agreed with management in the original audit, had been implemented. It is important that monies/ assets belonging to others, discovered by Council officers as part of routine processes, are handled consistently and appropriately to safeguard both the assets and the officers, where this could result in reputational and financial implications.

1.54. In completing this follow-up review, we provided an unchanged opinion of **Partial Assurance.** We recognise that this circumstance is not unique to Housing services and similar occurrences may happen across front line Council services. One of the key actions agreed in the original audit was that corporate guidance would be developed, and all procedures would be updated and feed into this, this had not been actioned at the time of our review.

1.55. In discussing this with management, it was agreed that the corporate guidance would be reviewed, agreed, and circulated, and the housing procedures would be updated.

1.56. A follow up review will be completed to review the progress of implementation of the actions agreed by management.

Schools

1.57. We have a standard audit programme in place for all school audits, with the scope of our work designed to provide assurance over key controls operating within schools. The objectives of our work are to ensure that:

- Governance structures are in place and operate to ensure there is independent oversight and challenge by the Governing Body;
- Decision making is transparent, well documented, and free from bias;
- The school is able to operate within its budget through effective financial planning;
- Unauthorised or inappropriate people do not have access to pupils, systems, or the site;
- Staff are paid in accordance with the schools pay policy;
- Expenditure is controlled and funds used for an educational purpose;
- The school ensures value for money on contracts and larger purchases; and
- All voluntary funds are held securely and used in accordance with the agreed purpose.

1.58. Five school audits and one nursery were finalised in quarter one. This included two follow up audits to provide assurance that actions agreed from a previous audit, that concluded Partial Assurance, had been implemented.

1.59. The table below shows schools audited during quarter 1 and the audit opinion.

Name of School	Audit Opinion
St Luke's Primary	Reasonable Assurance
Elm Grove Primary follow up	Reasonable Assurance
St Andrews follow up	Reasonable Assurance
Tarnerland Nursery follow up	Reasonable Assurance
Mile Oak Primary	Partial Assurance
Hove Park	Partial Assurance

1.60. We aim to undertake follow up audits at all schools with Minimal Assurance opinions. For Partial Assurance opinions we will undertake a follow up review or alternatively write to the Chair of Governors to obtain confirmation that actions have been implemented.

1.61. The core financial role of the local authority is to set and monitor a local framework, including provision of budgetary information, provision of financial oversight and intervening where schools are causing financial concerns. Schools (the Governing Body and the Headteacher) are required to manage their delegated budget effectively ensuring the school meets all its statutory obligations, and through the Headteacher, comply with the Local Authority's Financial Regulations and Standing Orders.

Grant Certifications and Non-Opinion Work

MS Power Platform Data Governance

1.62. The Microsoft Power Platform, including Power BI (the corporate data reporting software solution), is a set of tools available to most corporate employees that enables them, with minimal coding ability, to develop applications, automate processes, and produce data reports and visualisation.

1.63. The objective of this audit was to review the governance, control, and compliance arrangements for the adoption and use of Power Platform and Power BI. This included consideration of risks relating to uncontrolled development, inappropriate data sharing, access management, General Data Protection Regulation (GDPR) compliance, and the maturity of supporting technical controls.

1.64. The review found that the Council is at an early, but clearly defined, stage in establishing a controlled approach. There was evidence of positive preventative control design and emerging good practice, particularly in relation to governance structures, technical safeguards, and monitoring using Microsoft-recommended tooling.

1.65. For Power Platform flows, documented governance arrangements are in place, including defined ownership, approval gates, and separation of development, test, and production environments. Power BI governance is still maturing following implementation. To encourage user development, there are currently fewer controls over report creation. However, documented RACI models, a defined data architecture framework, and guidance for report builders are in place. Higher-risk functionality, such as “Publish to Web,” is restricted to a small number of system administrators and supported by monitoring and guidance.

1.66. Some controls are not yet fully embedded. Data Protection Impact Assessments (DPIA) for example, and other documentation is required for Power Platform solutions, but central storage of these documents is not yet complete. For Power BI, DPIA ownership remains unclear in some cases.

1.67. Overall, the Council has established a credible governance direction, but further work is needed to fully embed controls. No additional actions were raised, and no assurance opinion has been issued at this stage due to the amount of work on-going.

Large Panel System Blocks Programme Governance

1.68. Internal Audit was approached by management to review the planned governance arrangements for the Large Panel Systems programme, as an advisory review from a risk and control perspective. Large Panel Systems (LPS) are multi-story residential buildings constructed from large, precast concrete slabs.

1.69. The programme was developed following surveys undertaken on eight LPS blocks, which determined these did not meet the latest safety standards. On 19 March 2026 Cabinet approved the proposal to authorise the service of initial demolition notices for the LPS blocks. As a result, the LPS Programme is now moving into a new phase following Cabinet’s decision. Therefore, the Internal Audit advice work completed was a review of documentation and processes in place in relation to governance, planning, and preparation.

1.70. This review was undertaken with a forward-looking focus to support the next phase of programme delivery and add value through the identification of opportunities to strengthen governance and control arrangements. As a result, some of the areas highlighted below may not have been applicable or necessary during earlier phases of the programme. These included:

- The introduction of more detailed documentation for programme board meetings to ensure transparency of information, decisions and escalations;
- Review of resourcing going forward for the programme, into the next phase, to ensure this is sufficient and there is appropriate segregation of duties;

- Further detailed in key programme documentation to ensure continuation of programme management;
- The introduction and development of a Communications Strategy for the programme;
- Carrying-out further feasibility and survey work to ensure estimated costing is as accurate as possible; and
- Development of a robust and transparent process for value engineering and scope reduction if this is required during the programme.

1.71. This review did not contain an assurance opinion due to its advisory nature at the inception of the programme.

Bus Grant - Capital

1.72. The Local Authority Bus Grant is a consolidated grant for local transport authorities to maintain and improve bus services, comprising both capital and revenue funding. This is a ring-fenced grant available to local authorities from the Department of Transport to support the improvement of local bus services.

1.73. Brighton and Hove City Council received £9.2m funding for 2025/26, £3.2m capital and £6m revenue.

1.74. Internal Audit conducted a review and sample tested capital transactions in the 2025/26 financial year to provide assurance that capital expenditure was claimed appropriately and in accordance with the grant conditions.

1.75. The Chief Internal Auditor certified the capital grant claim for 2025/26 on behalf of the Council.

2 Counter Fraud and Investigations

Counter Fraud Proactive Activity

2.1. The team have reviewed and refreshed the Counter Fraud and Corruption Strategy and associated policies.

2.2. The team continue to monitor intel alerts and share information with relevant services when appropriate.

2.3. The team are currently liaising with the relevant services to ensure that data is prepared for this year's National Fraud Initiative, which is due to take place in December 2026.

Summary of Completed Investigations

Direct Payment

2.4 Following a referral from Health and Adult Social Care staff, Internal Audit and Counter Fraud investigated concerns that a client receiving Direct Payments to support their care needs was also licensed and working as a taxi driver. The Direct Payment was being paid to the client on the basis that they were unable to manage their basic care and support needs including being unable to walk unaided, managing basic hygiene needs, and being unable to feed themselves. However, the investigation found evidence that the client was licenced and actively working as a private hire taxi driver.

2.5 Following the investigation, it was determined that the client did not meet the 'Fit and Proper' criteria required to hold a taxi driving licence, resulting in the licence being revoked. The client also admitted failing to notify the Council's Health and Adult Social Care team of a change in circumstances and subsequently agreed to repay £62,068.09 to the Council.

Housing Tenancy and Council Tax Fraud

2.6 The Tenancy Fraud Team continues to investigate allegations of potential subletting. The team works closely with Housing Managers and Housing Officers to provide a coordinated response to allegations of tenancy abandonment. There is also an increasing focus on property visits and tenant engagement to raise awareness of, and reinforce, tenants' responsibilities under their tenancy agreements.

2.7 During the quarter the team recovered four properties; two 3-bedroom houses and two 1-bedroom flats.

2.8 The Team also continues to investigate allegations of false claims regarding Council Tax including Single Person Discount and Council Tax Reduction Support.

2.9 The table below shows the estimated financial value saved through the work of the Tenancy Fraud Team:

Fraud Area	(£) Year to Date	(£) 2025/26	(£) 2024/25	(£) 2023/24
Properties Recovered	313,200	626,400	930,000	558,000
Housing Application Withdrawn		325,508	359,772	-
Homeless Application Withdrawn				-
Right-To-Buy Withdrawn		102,400	102,400	-
Council Tax	3,771	16,559	13,165	9,065
Housing Benefit & Universal Credit	24,308	4,369		3,853
Business Rates				-
Total	**341,279**	**1,075,236**	**1,405,337**	**570,918**

3 Action Tracking

3.1 All high priority actions agreed with management as part of individual audit reviews are subject to action tracking. When high priority actions become due, we seek confirmation from service management that actions have been implemented.

3.2 At the end the quarter, we can report that four high priority actions were showing as overdue. We are pleased to note that three of the outstanding actions were confirmed as implemented by management by October 2026.

3.3 The one remaining outstanding action is shown below and is in progress.

Details of Audit Issue	Due date	Revised date	Agreed Action
Gaps in policy lead to potential misuse of Parking Dispensation Scheme by officers.	31/10/25	31/03/26	A corporate review of the dispensation policy will be undertaken involving the relevant stakeholders including the Customer Contact Lead, Parking Customer Services Manager, Parking Fraud Manager and HR Policy Lead.

3.4 In addition several other high priority actions have had their implementation deadlines extended, in agreement with management. Where the revised deadlines are not met, these will be reported to the next meeting of the Audit, Standards and General Purposes Committee.

4 Amendments to the Audit Plan

4.1 In accordance with proper professional practice, the Internal Audit plan for the year has been kept under regular review to ensure that the service continues to focus its resources in the highest priority areas based on an assessment of risk. The 2026-27 audit plan included some contingency for emerging risks and for the IT&D audit plan. Through discussions with management the following audits have been added to the audit plan this quarter:

Planned Audit	Rationale for
Commercial Waste	The objective of this audit will be to provide assurance that controls are in place to facilitate a legally compliant, efficient, and effective commercial waste service.

Financial Assessments Adult Social Care	The objective of this audit is to provide assurance that controls are in place across the financial assessment process to ensure a timely, correct calculation and recovery of contributions from clients.
Leisure Contract	The objectives of this audit are to provide assurance that contract management arrangements in place are robust and the future planning for the leisure management provision is sufficient for the future operating model.
NEC Application Audit	The purpose of this audit was to ensure that controls are in place to maintain appropriate system security, and to facilitate the timely and accurate processing of revenues and benefits information.
IT&D Asset Disposal	The objective of this review is to provide assurance that robust strategies, policies, and procedures are in place in relation to equipment disposals and that the Council has appropriate contract monitoring in place for third-party disposal contracts.
Patch Management	The purpose of this audit is to provide assurance that there are robust controls in place ensuring that critical hardware and software have the latest patches applied as a preventative control that maintains up-to-date software and addresses known security risks.
Shadow IT Governance Arrangements	The objective of this audit was to provide assurance over the adequacy and effectiveness of the Council's governance, risk management, and control arrangements in relation to Shadow IT.

4.2 To allow additional audits to take place, the following audits have been removed from the audit plan and where appropriate, will be considered for inclusion in future audit plans as part of the overall risk assessment completed during the annual audit planning process. These changes have been made on the basis of risk prioritisation and/or as a result of developments within the service areas, which may require a reschedule of audit assignments.

Planned Audit	Rationale for Removal
Public Health Grant Governance Arrangements	Deferred due to changes within the service and external assurance provided through an external review by the Department of Health & Social Care.
Income Cash and Banking	Cancelled to allow for higher priority audits.

5 Performance

5.1 In addition to the annual assessment of internal audit effectiveness against Global Internal Audit Standards (GIAS), the performance of the service is monitored on an ongoing basis against a set of agreed key performance indicators as set out in the following table:

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	**G**	2026/27 Internal Audit Strategy and Annual Audit Plan formally approved by Audit, Standards & General Purposes Committee - 21st April 2026
	Annual Audit Report and Opinion	By end July	**G**	2025/26 Annual Report and Opinion presented to Audit, Standards & General Purposes Committee 23rd June 2026
	Customer Satisfaction Levels	90% satisfied.	**G**	100%
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	21.25%	**G**	27.1% This high performance against target is positively impacted by the high number of carry forward audits from 2025/26 that were finalised in this quarter.
Compliance with Professional Standards	Global Internal Audit Standards	Conforms	**G**	April 2025 - Self Assessment against the Global Internal Audit Standards (GIAS) completed. No major areas of non-conformance identified. Some areas to ensure full compliance have been identified including the

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
				update of the Audit Charter. June 2026 - Our latest quality review exercise completed, no major areas of non-conformance with only minor need to make improvements relating to internal record keeping within the service. A bi-monthly quality review mechanism has now been introduced.
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures, and Investigations Act	Conforms	**G**	No evidence of non-compliance identified
Our staff	Professionally Qualified/Accredited (Includes part-qualified staff and those undertaking professional training)	80%	**G**	90%

Management Performance – High Priority Actions

5.2 In addition to the performance metrics above we also monitor the implementation of high priority actions by management, which is also a corporate key performance indicator. The following Key Performance Indicator is not wholly owned by Internal Audit, but demonstrates improvement in the internal control framework, as influenced by Internal Audit. Further details of actions outstanding at the end of quarter 1 are found in section 3 above.

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings.	95% for high priority agreed actions	**A**	86.2% for high priority agreed actions (see above)

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.