

REPORT TO: Audit and Governance Board

DATE: 19 November 2025

REPORTING OFFICER: Head of Audit and Operational Finance

PORTFOLIO: Corporate Services

SUBJECT: Internal Audit Progress Report

WARD(S) Borough wide

1.0 PURPOSE OF THE REPORT

1.1 This report provides an update on internal audit activity since the last progress report presented to the Board on 24 September 2025. It also highlights any matters of relevance to the Board in its role as the Council's Audit Committee.

2.0 RECOMMENDATION:

That the Board considers and is invited to comment on the Internal Audit Progress Report.

3.0 SUPPORTING INFORMATION

3.1 The Board approved the 2025/26 Audit Plan at its meeting on 19 March 2025. The plan includes a budget of 1,050 audit days to be delivered over the year, based on a forecast staffing establishment of 5.6 full-time equivalents (FTE).

3.2 As at the end of October, a total of 591 audit days had been delivered, representing approximately 56.3% of the total planned audit days for the year. While this is marginally behind target, it is anticipated that the shortfall can be largely recovered over the remainder of the year, subject to the audit team remaining fully resourced. On this basis, the total planned audit days are expected to be broadly achieved by year-end.

3.3 As previously reported to the Board, delivery of the 2025/26 Internal Audit Plan has experienced some deviation due to a combination of operational and strategic factors. These are being actively managed to minimise impact and to ensure continued alignment with organisational priorities:

- Several audits carried forward from 2024/25 required more time than initially anticipated. All but one have now concluded, with the remaining assignment progressing well. To mitigate recurrence, future audit plans will incorporate a larger provision for the completion of year-end work in progress.
- Time spent on grant certification is expected to significantly exceed the original allocation. This reflects both the volume and complexity of grants audited during the year. To accommodate this, an increased provision will

be made in next year's Audit Plan, to provide sufficient capacity to deliver this important area of assurance.

- Some audits have taken longer to complete than expected, primarily due to the subject matter complexity, and also the developmental stage of the audit team. The team continues to build capability and confidence, and the additional management support being provided is helping to strengthen the Council's internal audit function.
- Two audits have been added to the current year's plan at the request of the Interim Chief Executive:
 - A review of the Council's budgetary control procedures
 - An audit of the treasury management function, which will provide assurance over investment and borrowing activities, including those related to Exceptional Financial Support
- The 2025/26 Audit Plan was deliberately ambitious to ensure broad coverage of key risk areas. However, limited flexibility within the plan has meant that any slippage has had a direct impact on the ability to complete all scheduled audits by year-end.

3.4 Appendix 1 provides a comprehensive summary of all audit assignments included in the 2025/26 Audit Plan, along with their current status. It also outlines the progress of audits carried forward from the 2024/25 financial year. In light of forecast resource availability to year-end, planned work has been carefully reprioritised to ensure that attention remains focused on the most critical risk areas. As part of this process, a number of audits are being proposed for deferral to 2026/27. This approach will help ensure that each audit is delivered with sufficient depth and rigour to provide the required levels of assurance to the Board.

4.0 INTERNAL AUDIT REPORTS

4.1 Since the last progress report, Internal Audit has finalised 11 audits, each of which includes an overall assurance opinion. The table below provides a summary of these assurance opinions.

Assurance Opinion	Number	Definition
 Limited	0	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management, and control to effectively manage risks to the achievement of objectives in the area audited.
 Adequate	0	There is a generally sound system of governance, risk management, and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
 Substantial	11	A sound system of governance, risk management, and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

- 4.2 Full copies of the internal audit reports are included in Part 2 of the agenda for reference, as outlined in the table below. These reports are presented in Part 2 because they may contain exempt information under Schedule 12A of the Local Government Act 1972. This includes, but is not limited to, details of financial irregularities, weaknesses in internal controls, personal data, performance concerns relating to staff or contractors, or commercially sensitive information. Disclosure of such information in the public domain could not only breach confidentiality and data protection requirements, but also risk exposing potential vulnerabilities in the Council's control environment, which could increase the risk of fraud or misuse of public funds. For these reasons, the reports are not published publicly.

Audit	Assurance Rating
CRSTS KRN Levelling Up Grant Claim - 2025/26 Q2	●
East Runcorn Connectivity Grant Claim - 2025/26 Q2	●
St Bede's Catholic Infant School	●
CRSTS - Local Cycling & Walking Infrastructure Plan (Phase Two) 2025/26 Q2	●
CRSTS Grant Claim - 2025/26 Q2	●
UKSPF - Place Based Business Support Grant Claim - 2025/26 Q2	●
UKSPF - Ways to Work Grant Claim - 2025/26 Q2	●
UKSPF - Communities and Place Grant Claim - 2025/26 Q2	●
Hale CE Primary School	●
Disabled Facilities Grant 2024/25	●
Brindley Theatre Extension	●

5.0 FOLLOW-UP OF PREVIOUS INTERNAL AUDIT RECOMMENDATIONS

- 5.1 The Global Internal Audit Standards require that a follow-up process be established to monitor the status of management actions. This process must verify whether agreed actions have been effectively implemented or, where actions have not been taken, confirm that senior management has acknowledged and accepted the associated risks.
- 5.2 To comply with this requirement, Internal Audit undertakes follow-up work to assess the progress made by management in implementing previously agreed actions. A follow-up audit report is issued summarising the results, including an updated assurance opinion. This revised opinion reflects any improvements in governance, risk management, and control since the original audit, providing stakeholders with a clear view of how effectively identified issues have been addressed.
- 5.3 Since the last update to the Board, two follow-up audits have been completed, as detailed in the table below. Full copies of the audit reports are also provided in Part 2 of the agenda for reference.

Follow up audit	Original Assurance Opinion	Revised Assurance Opinion
Runcorn All Saints Primary School	●	●
Astmoor Primary School	●	●

6.0 ISSUES RELEVANT TO THE ANNUAL OPINION

6.1 In accordance with the Global Internal Audit Standards (2024), the chief audit executive is required to deliver an annual internal audit opinion that provides insight into the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes. This opinion should be supported by a structured and evidence-based assessment of the internal audit activity's work throughout the year and should inform the organisation's governance disclosures, including the annual governance statement.

6.2 Where issues have been identified in the audits included in this progress report, management has responded constructively and taken appropriate action. As a result, there are currently no unresolved matters arising from this work that would be expected to adversely affect the annual internal audit opinion on the adequacy and effectiveness of governance, risk management, and control.

7.0 POLICY IMPLICATIONS

7.1 There are no direct policy implications arising from the report.

8.0 FINANCIAL IMPLICATIONS

8.1 There are no direct financial implications arising from the report.

9.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

9.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence

A continuous internal audit of the Council's governance, risk management, and control arrangements plays a vital role in supporting the successful delivery of all the aims and objectives set out in the Corporate Plan.

9.2 Building a Strong, Sustainable Local Economy

See 9.1

9.3 Supporting Children, Young People and Families

See 9.1

9.4 Tackling Inequality and Helping Those Who Are Most In Need

See 9.1

9.5 **Working Towards a Greener Future**

See 9.1

9.6 **Valuing and Appreciating Halton and Our Community**

See 9.1

10.0 **RISK ANALYSIS**

10.1 This report is provided for information purposes only. However, the delivery of an effective internal audit service remains a key element of the Council's overall arrangements for governance, risk management, and internal control.

11.0 **EQUALITY AND DIVERSITY ISSUES**

11.1 None arising from this report.

12.0 **CLIMATE CHANGE IMPLICATION**

12.1 None arising from this report.

13.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE
LOCAL GOVERNMENT ACT 1972**

13.1 None under the meaning of the Act.