

REPORT TO: Audit and Governance Board

DATE: 18 March 2026

REPORTING OFFICER: Head of Audit and Operational Finance

PORTFOLIO: Corporate Services

SUBJECT: Internal Audit Progress Report (Part 1)

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 19 November 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 Internal 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 staffing establishment of 5.6 full-time equivalents (FTE).

3.2 As at the end of February, a total of 890 audit days had been delivered, representing approximately 85% of the planned total. A long-term staff absence since January has reduced capacity, and a small shortfall in total audit days delivered by year-end is now forecast.

3.3 Delivery of the Internal Audit Plan has deviated from initial expectations due to a combination of operational and strategic factors. These have been actively managed to minimise impact and ensure alignment with organisational priorities. The key reasons for the deviations are:

- Several audits carried forward from 2024/25 required more time than initially anticipated.
- Time spent on grant certification exceeded planned allocations due to both the volume and complexity of grants.
- Some audits took longer than expected because of subject-matter complexity and the developmental stage of the audit team.
- Two additional audits were requested by the Interim Chief Executive:

- A review of the Council’s budgetary control procedures
- An audit of the treasury management function, including investment and borrowing activities related to Exceptional Financial Support
- The 2025/26 Audit Plan was intentionally ambitious to provide broad coverage of key risk areas. Limited flexibility has meant that any slippage has directly affected completion of scheduled audits.

3.4 Appendix 1 provides a full summary of all audit assignments in the 2025/26 Audit Plan and their current status. Planned work continues to be carefully reprioritised to ensure that the most critical risk areas receive appropriate coverage. Several audits have been deferred to the 2026/27 Audit Plan where they remain relevant.

4.0 INTERNAL AUDIT REPORTS

4.1 Since the last progress report, Internal Audit has finalised 16 audits, each with an overall assurance opinion. The table below summarises these 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	4	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	12	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 provided in Part 2 of the agenda. These reports may contain exempt information under Schedule 12A of the Local Government Act 1972, including personal data, control weaknesses, financial irregularities or commercially sensitive information. Disclosure could breach confidentiality obligations or expose the Council to increased fraud risk; therefore, they are not published publicly.

Audit	Assurance Rating
Household Support Fund (Round 7) - 2025/26 Q2	● Substantial
Budgetary Control	● Adequate
All Saints Upton CE Primary School	● Substantial
CRSTS KRN Levelling Up Grant Claim - 2025/26 Q3	● Substantial
CRSTS - Local Cycling & Walking Infrastructure Plan (Phase Two) - 2025/26 Q3	● Substantial
Runcorn Busway Active Travel Corridor - Quarters 2 and 3	● Substantial
Place Based Business Support Grant Claim - 2025/26 Q3	● Substantial

Ways to Work Grant Claim - 2025/26 Q3	● Substantial
East Runcorn Connectivity Grant Claim - 2025/26 Q3	● Substantial
City Region Sustainable Transport Settlement Grant Claim - 2025/26 Q3	● Substantial
UKSPF - Communities and Place Grant Claim - 2025/26 Q3	● Substantial
Brownfield Housing – Foundry Lane Grant Claim – 2025/26 Q3	● Substantial
Household Support Fund (Round 7) - 2025/26 Q3	● Substantial
Appointeeship and Deputyship Service	● Adequate
Data Classification	● Adequate
Payroll	● Adequate

5.0 FOLLOW-UP OF PREVIOUS INTERNAL AUDIT RECOMMENDATIONS

- 5.1 The Global Internal Audit Standards require a follow-up process to monitor the status of management actions and confirm whether identified risks have been addressed or appropriately accepted.
- 5.2 Internal Audit undertakes follow-up work to assess progress in implementing previously agreed actions. A follow-up audit report is issued summarising progress and providing an updated assurance opinion..
- 5.3 Since the last update to the Board, one follow-up audit has been completed. A full copy of the report is included in Part 2 of the agenda.

Follow up audit	Original Assurance Opinion	Revised Assurance Opinion
Cemeteries and Crematoria	● Adequate	● Substantial

6.0 ISSUES RELEVANT TO THE ANNUAL OPINION

- 6.1 In accordance with the Global Internal Audit Standards (2024), the chief audit executive must provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. This opinion is informed by a structured evaluation of internal audit work throughout the year and supports the annual governance statement.
- 6.2 Management has responded constructively to issues identified in audits completed during the year. At present, there are no unresolved matters arising from the work completed that would be expected to adversely impact the annual internal audit opinion.

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 programme of internal audit supports the successful delivery of all Corporate Plan priorities by providing assurance over governance, risk management and internal control arrangements.

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. Delivery of an effective internal audit service remains a key component of the Council's 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.