



# **Internal Audit Progress Report – September 2025**

The Head of Internal Audit is required to provide a written status report to Senior Management and the Committee, summarising internal audit activity.

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## Role of Internal Audit

The requirement for an internal audit function in local governance is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

*'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.'*

The standards relevant for the financial year 2025/26 relating to proper practices are laid down in the Global Internal Audit Standards, 2024 and the Application Note: Global Internal Audit Standards in the UK Public Sector, 2025.

The role of internal audit is best summarised through the purpose statement contained within the Standards, which states:

*"Internal audit strengthens the organisation's ability to create, protect, and sustain value by providing the board and management within independent, risk-based and objective assurance, advice, insight and foresight.*

*Internal auditing enhances the organisation's:*

- *Successful achievement of its objectives.*
- *Governance, risk management and control processes.*
- *Decision-making and oversight.*
- *Reputation and creditability with their stakeholders.*
- *Ability to serve the public interest.*

Internal audit is most effective when:

- it is performed by competent professionals in conformance with the GIIA Standards, which are set in the public interest.
- The internal audit function is independently positioned with accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

## The Purpose of the Report

In accordance with the proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter, the Head of Internal Audit is required to provide a written status report to Senior Management and Members summarising:

- the status of live internal audit reports.
- an update on progress against the internal audit plan.
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Head of Internal Audits annual opinion.

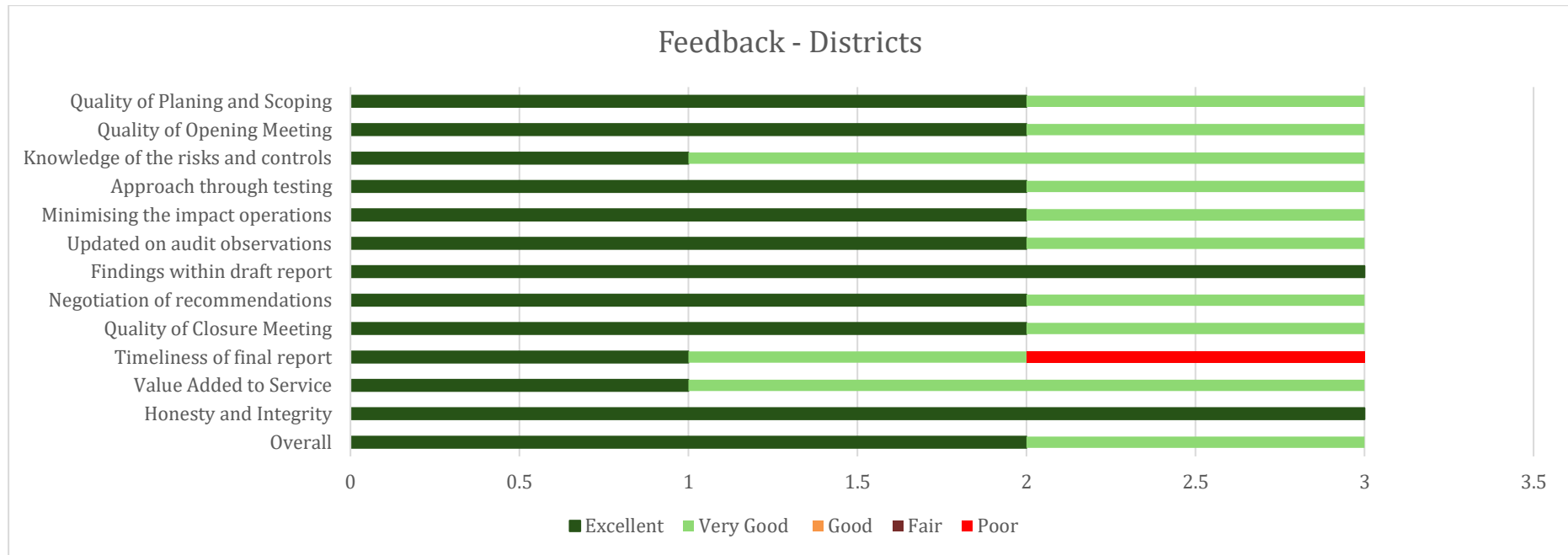
Internal audit reviews culminate in an opinion rating on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

- Substantial** A reliable system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
- Adequate** There is a generally reliable system of governance, risk management and control in place. Some issues of non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
- Limited** 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.
- No** Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks in the achievement of the objectives for the area audited.

Internal quality assurance checks are undertaken at multiple points throughout assurance and advisory reviews. This culminates in the Head of Internal Audit signing off each audit report prior to its release which includes the approval of the final assurance award. This approach provides consistency in assurance ratings and robustness in the level of assurance the committee can take from assurances.

# Performance Dashboard

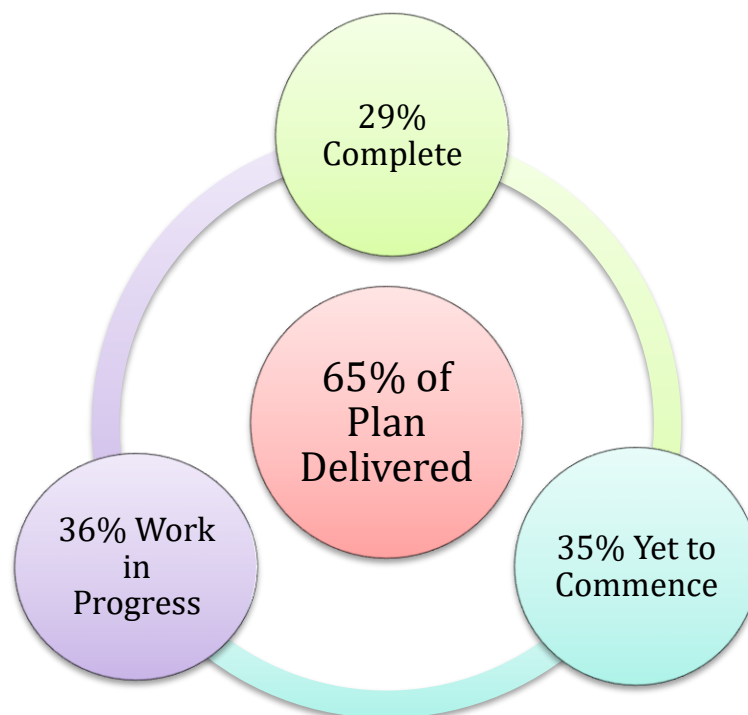
Figure 1



**Feedback** is an essential aspect of our internal quality assurance programme. Post audit feedback questionnaires (PAQs) are issued after every audit assignment. For completed 2025/26 audits officers provided feedback responses to three of the four requests issued following completed audit assignments. The response rate indicates a lack of management engagement with the feedback process.

**Figure 1** shows the feedback received from the risk register review, the values consultancy assignments and ICT Cyber Security. Most of the feedback received has been positive. The one “poor” rating relates to the ICT Cyber Security review, specifically question 15 regarding the timeliness of the report. The client felt that the time between the closure meeting and the issuing of the final report exceeded what they had been told by several weeks. The Internal Audit Manager has reviewed the processes. A third party delivered the specialist audit, and internal audit procedures were not followed due to a misunderstanding of the closure process by the specialist auditors.

Figure 2 audit plan delivery



**Figure 2** the internal audit plan is progressing in line with expectation with 65% of the plan delivered mid-way through quarter two. Tracking processes are significantly improved along with understanding of the importance of tracking delivery and performance. There are no areas of concern with the current delivery model and staffing structure.

Throughout quarters one and two, the Internal Audit team has remained adequately resourced to deliver the agreed audit plan, advisory engagements and follow up activity. The audit team utilised contingency within the annual audit plan to respond to risk-based needs arising during the year. The team continued to enhance its consulting services, which aimed to provide education, raise awareness, and share lessons learned to support strong governance, effective risk management, and robust control processes.

There has been no recruitment during the current year as the team has no vacancies. All senior auditors are supervised by a qualified and skilled principal auditor. Management and quality processes have been sufficient to monitor conformance with the IIA's Global internal Audit Standards and CIPFA's Application Notes.

## Analysis of 'live' Audit Reviews

Table 1

Internal audits in progress				
Assignment Area	Audit Profile	High Level Risks	Completion Due	Audit Sponsor
Capital Budget Monitoring	High	Assurance that effective processes are in place. To confirm that budget managers and financial officers understand and follow the process for effective budget monitoring and management.	August 2025	Section 151 Officer
Administration of Grants.	Medium	Provide assurance on the administration of grants and funds. A fundamental enabler of the council's corporate plan and key priorities. Review delivery, resource and risk management of grant funded programmes.	September 2025	Section 151 Officer
Section 106	Medium	Follow up review to the 24/25 audit to provide assurance on the effective management of S106 agreements, resource capacity and records management.	September 2025	AD - Planning and Strategic Infrastructure
PSPS Contract management	High	Provide assurance on the process and systems in place to contract manage PSPSL. To support that agreed services are delivered and performance managed.	September 2025	Section 151 Officer

Table 2

Draft internal audit reports issued, awaiting management responses				
Assignment Area	Report due to Committee	Management Responses Overdue	Assurance Rating	Audit Sponsor
None	None	None		

Final internal audit reports completed		
Assignment Area	Assurance rating	Findings Summary
Identification and monitoring of savings	Insufficient Controls	The audit was unable to establish sufficient first or second-line controls to test for adequacy and fulfil the agreed assignment scope to provide a reliable assurance rating. Seven key findings were reported with five

		<p>root causes identified. The recommendations included for management to take immediate action to implement effective, formal and management led controls to provide a foundation level for the control environment and that an assurance driven audit is rearranged to provide an update on systems and processes implemented. A repeat audit will be undertaken once sufficient controls have been implemented. This anticipated to be in quarter four.</p>
Risk Register Review	Adequate	<p>The review identified one high, four medium and one low rated finding requiring management action to address. Risk register for Boston Borough Council met core requirements, but several risk entries lacked measurable outcomes, assigned ownership, and strategic objective alignment. Controls and mitigations were inconsistently recorded, with no formal validation process or assessment of effectiveness. Risk appetite was referenced but not formally defined or applied. Training records were unavailable due to the absence of a central tracking system. While oversight, by the Audit Committee and senior leadership was evident, report formats and executive summaries were often unclear or overly detailed. Strengthening documentation, formalising risk appetite, and improving strategic alignment and oversight would enhance risk management effectiveness.</p>
ICT Cyber Security	Adequate	<p>The review identified five medium rated findings requiring management action to address. Cyber security controls across Boston Borough Council were generally well-managed, supported by a formal strategy, ICT roadmap, and structured governance. The IT team had defined roles and processes, with cyber risks reviewed and reported appropriately. A successful ransomware simulation and appropriate network monitoring were noted. Testing identified the absence of documented procedures for threat escalation, undefined remediation timescales, and unresolved vulnerabilities without senior approval. Threat scanning intervals did not align with vendor guidance, and oversight reports lacked full visibility of identified risks. Addressing these areas would strengthen cyber resilience and assurance.</p>
Values (Advisory)	N/A	<p>The review identified seven key findings. Internal Audit identified that Boston Borough Councils commitment to its values framework through the workforce development strategy, though its revision for 2025/26 was delayed. Testing identified that values were not consistently linked to staff conduct codes, and the workforce strategy lacked provisions for accountability or consequences. Induction processes did not include a standard checklist for values training, limiting assurance. Communication methods varied, with some staff missing key information, and appraisals did not require reflection on values. Delays in completing appraisals further hindered performance discussions. Strengthening links between values, conduct, and performance processes would improve consistency and accountability.</p>

## Executive Summaries of ‘Limited’ or ‘No’ Assurance Opinions

There have been no finalised limited assurance awards for April to August 2025.

### Planning and Resourcing

**Table four** shows delivery progress against the annual audit plan agreed by the Committee in March 2024. **Table five** show delivery progress for advisory engagements. The team retain a flexible approach to regularly reviewing our plan to ensure we can respond adequately to the council’s risk needs and profile should that change mid-year and agree to share changes or amendments with the audit committee along with risk-based rationale and any arising implications.

The audit team is adequately resourced to deliver the remainder of the audit plan for 2025/26. An annual report and opinion will be presented to the audit committee in July 2026 which will include outcomes all outcomes. It is expected the audit programme will be delivered in its entirety and will be sufficient to inform the annual audit opinion.

*Table 4 – Audit plan delivery*

Audit Review	Audit Sponsor	Scoping	Audit Objective	Fieldwork	Draft Report	Final Report	Assurance Opinion or Equivalent
<b>ASSURANCE WORK 2024/2025</b>							
Risk Register Review	Monitoring Officer	✓	✓	✓	✓	✓	Adequate
Capital Budget Monitoring	S151 Officer	✓	✓	✓	✓		
ICT Cyber Security	SLT	✓	✓	✓	✓	✓	Adequate
Identification and Monitoring of Savings	S151 Officer	✓	✓	✓	✓	✓	Insufficient Controls Report
PSPS Contract Management	SLT	✓	✓	✓			
Leisure Services Procurement	SLT	✓	✓	✓	✓	✓	Substantial

Funds and Grants Administration and Planning	SLT	✓	✓				
Section 106	SLT	✓	✓	✓			
Health and Safety Actions Implementation	SLT						
Planning	SLT						
Finance Resilience including Skills Capacity and management Code Compliance	SLT						
ICT AI Governance	SLT						
Disability Facilities Grants	SLT						

*Table 5 – Advisory assignment delivery*

Audit Review	Audit Sponsor	Scoping	Audit Objective	Fieldwork	Draft Report	Final Report	Assurance Opinion or Equivalent
<b>ASSURANCE WORK 2024/2025</b>							
Values	Monitoring Officer	✓	✓	✓	✓	✓	Not Applicable

## Appendix 1 Overdue management actions

**Table 6** presents the outstanding management actions from 2021/22. The outstanding high management action from 2020/21 has been extended to 31 March 2026. This is due to the income system that is used to take payments being upgraded. Implementation has been delayed. Alongside the upgrade there is a solution for taking card payment over the phone which will support PCIDSS compliance. The extension has been supported. **Table 7** shows those from 2024/25.

*Table 6-Management Actions (2020-2021)*

Audit Year	Audit	Audit Report Date	Audit Sponsor	Assurance Opinion	Management Actions - Total	Management Actions - Closed	Management Actions - Not Due	Management Actions - Follow Up Required	Open Management Actions - Risk Analysis			
									Critical	High	Medium	Low
2021/22	BBC - Key Controls testing	Jun-22	S151 Officer	Substantial	6	5	1	0	0	1	0	0
<b>TOTAL</b>									<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>

*Table 7-Management Actions (2024-2025)*

Audit Year	Audit	Audit Report Date	Audit Sponsor	Assurance Opinion	Management Actions - Total	Management Actions - Closed	Management Actions - Not Due	Management Actions - Follow Up Required	Open Management Actions - Risk Analysis			
									Critical	High	Medium	Low
2024/25	SELCP - SLA's with PSPS	Sep-24	AD, Corporate	Adequate	5	4	0	1	0	0	1	0
2024/25	SELCP - Insurance	Jan-25	S151 Officer	Limited	8	5	1	2	0	3	0	0
2024/25	SELCP - Budget Monitoring - Revenue	Mar-25	S151 Officer	Adequate	4	3	1	0	0	0	1	0
2024/25	SELCP - ICT Cyber Threat Training	Mar-25	AD, Corporate	Adequate	1	0	1	0	0	1	0	0
2024/25	SELCP - Bank Reconciliations	Nov-24	S151 Officer	Limited	3	2	0	1	0	0	1	0
2024/25	SELCP - Housing Benefits and Council	Dec-24	S151 Officer	Substantial	1	0	1	0	0	0	1	0
2024/25	SELCP - Capacity Aims and Priorities	Apr-25	AD, Corporate	Adequate	4	2	1	1	0	0	2	0
2024/25	SELCP - Towns Fund and Capital Progr	May-25	AD, Growth	Adequate	4	1	0	3	0	0	3	0
<b>TOTAL</b>									<b>0</b>	<b>4</b>	<b>9</b>	<b>0</b>

The outstanding actions from the 2024/25 reviews for insurance and bank reconciliations will be subject of the new follow up process along with all management actions from 2025/26.

**Table 8** below shows all actions now under the new process with internal audit management and oversight. Quarter three will see four of the outstanding actions reviewed for effective implementation and reported as part of the next progress report. A programme of delivery is in place for the current year which will provide the committee with additional detail of the residual risk should management actions remain outstanding after the agreed implementation date or if actions fail to mitigate the finding and associated risk to the council. Future reports will inform the committee on where dates have been extended by management along with their rationale.

Table 8

Audit Year	Audit	Audit Report Date	Audit Sponsor	Assurance Opinion	Management Actions Total	Management Actions - Closed	Management Actions - Not Due	Management Actions - Follow Up Required	Open Management Actions - Risk Analysis			
									Critical	High	Medium	Low
2024/25	SELCP - Insurance	Jan-25	S151 Officer	Limited	8	5	1	2	0	3	0	0
2024/25	SELCP - Bank Reconciliations	Nov-24	S151 Officer	Limited	3	2	0	1	0	0	1	0
2025/26	SELCP - ICT Cyber Security	Jul-25	AD, Corporate, Chief Delivery	Adequate	5	0	5	0	0	0	5	0
2025/26	SELCP - Risk register Review	Aug-25	Monitoring Officer	Adequate	6	0	6	0	0	1	4	1
<b>TOTAL</b>					<b>22</b>	<b>7</b>	<b>12</b>	<b>3</b>	<b>0</b>	<b>4</b>	<b>10</b>	<b>1</b>