

## REPORT TITLE: Internal Audit Update

**To:**

Civic Affairs and Audit Committee [17/11/2025]

**Report by:**

Jonathan Tully, Chief Audit Executive

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**Wards affected:**

All

1.	<b>Recommendations</b>
1.1	The Civic Affairs and Audit Committee is requested to note the report.
2.	<b>Purpose and reason for the report</b>
2.1	<p>This report provides the Committee with an update on internal audit activity, assurance outcomes, and strategic developments. It reflects our evolving approach to meet new professional standards and maintain effective governance.</p> <p>The information supports the Committee's understanding of governance, risk, and control within the organisation (see Appendix for full details). It includes outputs from assurance and advisory work, as well as foresight on emerging and topical issues. This provides:</p> <ul style="list-style-type: none"><li>• Reasonable assurance on the internal control environment, governance and risk management arrangements.</li><li>• Updates on how we are responding to the latest Internal Audit Standards</li></ul>
2.2	<p>A report was previously provided to the Committee in June 2025. Following the governance model review in May 2025 and the introduction of new standards, we have taken the opportunity to review and revise the format of our reporting.</p> <p>We are transitioning to a more agile and frequent reporting format to better inform the Committee, and support consistency across our shared services reporting which will help us be more efficient.</p>
2.3	This is not a key decision, as the report is presented in accordance with the Committee's terms of reference.
3.	<b>Alternative options considered</b>

3.1	This report is to note and does not have alternative options, although we welcome feedback from the Committee on format and presentation to inform future reports.
4.	<b>Background and key issues</b>
4.1	<p><b>Strategic and Professional Changes</b></p> <p>The <b>Accounts and Audit Regulations 2015</b> require that the Council “<i>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 or guidance.</i>”</p> <p>In 2024, the <b>Institute of Internal Auditors (IIA)</b> issued new <b>Global Internal Audit Standards</b>. Within the UK public sector, these standards are adopted under the authority of the Relevant Internal Audit Standard Setters (RIASS), which include HM Treasury, the Scottish Government, the Department of Finance Northern Ireland, the Welsh Government, the Department of Health and Social Care, and the <b>Chartered Institute of Public Finance and Accountancy (CIPFA)</b>.</p> <p>RIASS are responsible for determining the standards and requirements applicable to internal auditing across central government, local government, and the health sector in the UK.</p> <p>To support the implementation of the new standards, CIPFA published the <a href="#"><i>Application Note: Global Internal Audit Standards in the UK Public Sector</i></a>, which outlines the specific requirements we must follow. Additionally, CIPFA has introduced a new <a href="#"><i>Code of Practice for the Governance of Internal Audit in UK Local Government</i></a>, designed to help authorities establish and maintain effective internal audit arrangements in line with statutory regulations.</p> <p>The new standards will take effect from the 2025/2026 financial year. While full compliance is not immediately required, we have conducted an internal assessment to identify areas where our processes need to evolve to meet the new requirements. Our Internal Audit team was previously assessed as compliant with the former Public Sector Internal Audit Standards, providing a good foundation for adapting to the new standards.</p> <p>Once we have gathered sufficient evidence to demonstrate compliance with the new standards, we will undergo an external assessment to validate our adherence. We also remain actively engaged in professional networks and will continue to review and adopt emerging best practices to enhance our local procedures.</p>

4.2	<p><b>Internal Audit Plan Opinion on Control Environment</b></p> <p>The <b>Global Internal Audit Standards in the UK Public Sector</b> require that the Chief Audit Executive “must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.”</p> <p>Our Plan and supporting documents are developed in line with guidance set out by CIPFA and the IIA. It is developed using a range of inputs, including the Council’s Risk Registers, Corporate Plan, stakeholder consultation, committee reports, other assurance processes, and horizon scanning to identify emerging risks and opportunities.</p> <p>It is considered good practice to operate an agile Audit Plan that adapts continuously to changes in the governance, risk, and control environment. Our plan is structured around a long-term framework of reviews, typically spanning a three-year cycle. Individual audits are prioritised using a range of risk-based criteria.</p> <p>Maintaining relevance, speed, and flexibility in our planning approach is essential to ensure that resources are used effectively. This enables us to provide a robust audit opinion and proactively communicate topical risks and assurance to the Committee.</p> <p>Members of the Committee are encouraged to propose areas where they would welcome assurance, for potential inclusion in the audit plan. This helps ensure the plan remains responsive to organisational priorities and emerging risks.</p> <p>The current plan, as presented at the previous Committee meeting, is considered sufficient to support the provision of an audit opinion for the Annual Governance Statement.</p> <p>Our report includes the output of our work in the recent quarter to provide insight on governance, risk, and control environment. We also include information and signpost to news articles to help provide foresight on topical matters and help develop the knowledge and skills of the Committee.</p>
5.	<p><b>Corporate plan</b></p>
5.1	<p>Internal Audit work contributes to all priorities of the <a href="#">Corporate Plan</a>. Whilst our work is predominantly risk-based, we also map our work program to Corporate Priorities for assurance that we contribute to a breadth of Corporate Plan areas.</p>
6.	<p><b>Consultation, engagement and communication</b></p>

6.1	The Internal Audit Plan is agile and based on continuous engagement with colleagues. Requests for work are considered alongside our own risk appraisal. Members of the Civic Affairs and Audit Committee can also contribute to the plan by identifying areas where they would welcome assurance.
<b>7.</b>	<b>Anticipated outcomes, benefits or impact</b>
7.1	Delivery of the Internal Audit Plan will enable me to provide an opinion on the overall adequacy and effectiveness of the organisation's internal control environment, governance, and the risk management framework. The attached report outlines the outcomes of recent audit work. This will form part of the Annual Governance Statement.
<b>8.</b>	<b>Implications</b>
8.1	<b>Relevant risks</b>
	In the writing of this report, there are no significant implications or risks to the Council. The Internal Audit Plan enables the Council to review the effectiveness of our risk management. If the plan is not approved there is an increased likelihood that hazards and risks may crystallise.
	<b>Financial Implications</b>
8.2	None, budget already approved.
	<b>Legal Implications</b>
8.3	None
	<b>Equalities and socio-economic Implications</b>
8.4	None
	<b>Net Zero Carbon, Climate Change and Environmental implications</b>
8.5	None, the team leverages digital technology to minimise the need for travel.
	<b>Procurement Implications</b>
8.6	None, identified.

	<b>Community Safety Implications</b>
8.7	None.
9.	<b>Background documents</b> Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985
9.1	<ul style="list-style-type: none"> <li>• <a href="#">Global Internal Audit Standards</a></li> <li>• <a href="#">Application Note: Global Internal Audit Standards in the UK Public Sector</a></li> <li>• <a href="#">Code of Practice for the Governance of Internal Audit in UK Local Government</a></li> <li>• <a href="#">Council Corporate Plan</a></li> <li>• <a href="#">Civic Affairs and Audit Committee Terms of Reference</a></li> <li>• <a href="#">Internal Audit Charter</a></li> </ul>
10.	<b>Appendices</b>
10.1	a) Governance Risk and Control update report
	To inspect the background papers or if you have a query on the report please contact Jonathan Tully, Chief Audit Executive, tel: 01223 - 458180, email: jonathan.tully@cambridge.gov.uk.

## Committee update - November 2025

### Introduction

#### Overview and background

The purpose of this document is to provide an update to the Committee on key audit and governance themes.

This document provides summary updates for the Committee. Statistics are included to help provide an overview of work in progress and these are taken from the last financial quarter.

#### Committee information

[Calendar of meetings](#)

[Committee Membership and Functions](#)

#### Internal Audit Information

[Internal Audit Charter](#)

#### Governance information


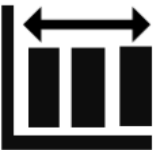
[Annual Governance Statement](#)

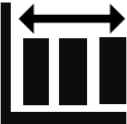
# Governance, Risk and Control

## Internal Audit updates

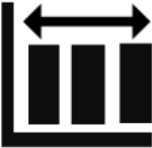
Internal Audit reviews provide assurance on the Governance Risk and Control environment, and this contributes to the [Annual Governance Statement](#).

Below are a summary of reviews completed in the last quarter:

Review	Assurance and actions		Summary of report
<div>Homes for Ukraine Follow Up</div> <div></div>	<b>Assurance:</b> Current: Previous: <b>Actions:</b> Critical High Medium Low	Full Limited  0 0 0 0	<p>We reviewed the implementation of previously agreed actions following the June 2024 audit of Homes for Ukraine scheme, which had originally received a ‘Limited’ assurance rating.</p> <p>The follow-up confirmed that all outstanding actions, one high and three medium priority management agreed actions have now been completed, resulting in an upgraded ‘Full’ assurance rating.</p> <p>The Resettlement and Community Equity team demonstrated strong controls in host payment processes and took corrective action to address data inaccuracies and overpayments.</p>
<div>Carbon Management: Data Quality 2024/25</div> <div></div>	<b>Assurance:</b> Current: Previous: <b>Actions:</b> Critical High Medium Low	Full Full  0 0 0 0	<p>A review was undertaken of the data quality supporting Cambridge City Council’s 2024/25 Greenhouse Gas (GHG) emissions report. The assessment confirmed that all reported figures were accurately calculated using approved DEFRA/DESNZ conversion factors, with supporting data verified to source and all required datasets included. The control environment was found to be well-designed and consistently applied, with no management actions required. The service demonstrated strong practices in data collection and reporting, contributing to a ‘Full’ assurance rating and a minor organisational impact. The audit supports the Council’s strategic objective of achieving net zero emissions by 2030.</p>

Review	Assurance and actions		Summary of report
Grant assurance – Disabled Facility Grant  	<b>Assurance:</b>  Current: Previous:  <b>Actions:</b>  Critical High Medium Low	Full Full  0 0 0 1	<p>In 2024/25, a total of £1,051,550 was allocated to the Council to carry out improvements to housing stock and disabled adaptations.</p> <p>We reviewed a sample of grants, plus their supporting documentation. This provided assurance that:</p> <ul style="list-style-type: none"> <li>• grant applications were legitimate and only awarded to eligible applicants.</li> <li>• applications were supported by a qualified and independent medical referral.</li> <li>• applications were processed promptly.</li> <li>• suppliers and contractors were appropriately procured and awarded based on value for money.</li> <li>• any project cost variations were appropriately reviewed and approved.</li> <li>• financial records were completed and reconciled.</li> <li>• projects were effectively managed by the HIA.</li> <li>• grants were used for capital expenditure as set out in the grant conditions.</li> </ul> <p>We have raised one low priority action relating to the incorrect input of the HIA fee onto Tascomi following the variations, resulting in the HIA fee being understated by £74.</p> <p>However, there is no impact on the reconciliation between the amount awarded and the amount paid as the reconciliation process relies on figures from the grant calculation sheet which was correct.</p>



Review	Assurance and actions		Summary of report
Information Governance 	<b>Assurance:</b> Current: Previous: <b>Actions:</b> Critical High Medium Low	Reasonable Reasonable 0 0 0 0	<p>The assurance focused on the Information Governance (IG) arrangements delivered through a joint Information Governance and Security Board across Cambridge City Council, South Cambridgeshire District Council, and Huntingdonshire District Council. The Chief Audit Executive attends this quarterly board, which is consistently represented by senior officers, including Senior Information Risk Owners, a Data Protection Officer, and technical leads, enabling prompt feedback and embedded assurance.</p> <p>Key strengths included a structured policy review cycle, regular updates on cyber security and governance, and proactive communication strategies such as simulated phishing campaigns and intranet updates. The group maintains its own action plan, which is actively monitored, with progress noted in policy compliance and awareness initiatives.</p> <p>The persistent and evolving nature of cyber threats, including phishing and supply chain vulnerabilities, continues to limit the ability to provide full assurance, highlighting the need for ongoing vigilance and enhancement of controls. The Councils acknowledge this risk, with cyber threats appropriately recorded on their risk registers.</p>

## Overall assurance

The internal audit work and assurance mapping enables me to form an opinion on the internal control environment, governance and risk management arrangements.

There is currently a **Reasonable level of assurance** overall, which is similar level to the previous period.

This assurance directly informs the Annual Governance Statement (AGS), which accompanies the Statement of Accounts and is published on our [website](#).



Continuous improvement

We maintain a quality assurance and improvement programme that covers all aspects of the Internal Audit activity.

*Development activities are included in this report to help the committee satisfy itself on the effectiveness of internal audit, including conformance with auditing standards. The committee can use this information for their annual report to those charged with governance.*



Standards update

We are implementing the new Global Internal Audit Standards and the supporting UK Public Sector Application Note (GIASUKPS), effective from 1 April 2025.

Following a readiness assessment, we are updating our documents and processes to reflect UK local government requirements.

Our revised Internal Audit Charter and Code of Ethics were presented to the [June Committee](#).

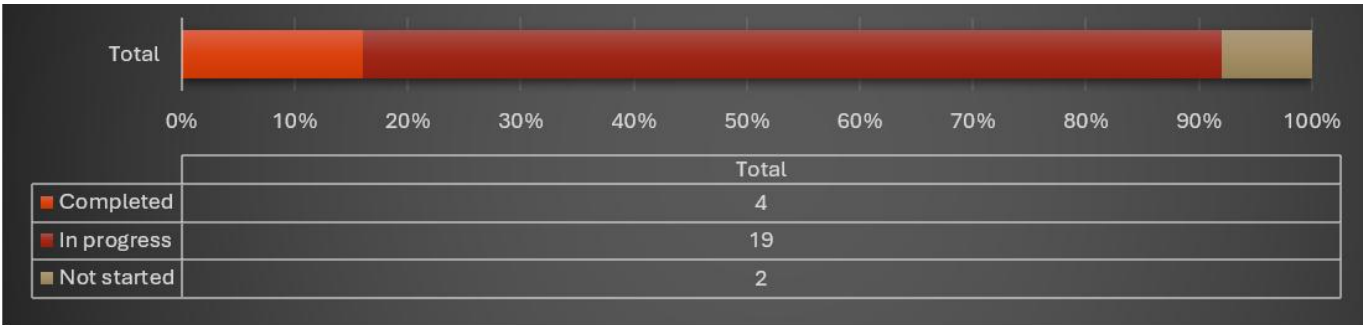


Our team holds quarterly sessions dedicated to reviewing our professional standards and help identify opportunities for continuous improvement. This process informs our annual internal quality assurance and improvement programme.

In line with expectations, Internal Audit teams are working towards full compliance within the first year of implementation. Once we have conducted substantial reviews under the new standards and gathered sufficient supporting evidence, we will proceed with an external assessment to validate our compliance.

Our regular internal reviews, combined with assessment tools provided by our professional bodies, enable us to develop and maintain a robust action plan for continuous improvement.

We have identified 25 actions to support our compliance with the new professional standards. Of these, 4 have already been completed, and 19 are currently in progress.



We remain on track to implement all outstanding actions by the end of the financial year. Most actions are minor administrative updates; however, several key developments are worth highlighting to the Committee:

Task Name	Description	Progress	Priority
<b>GIAS: Charter</b>	A new Charter and Mandate aligned with the GIASUKPS standards was developed and approved by the Committee in June 2025.	Completed	Urgent
<b>GIAS: Strategy</b>	A revised Strategy format is required under the new standards. We have included it in this report.	In progress	Urgent
<b>Develop Root Cause Analysis resources</b>	We have developed tools and resources to embed Root Cause Analysis into our audit programme. We need to develop back-office systems to hold data in a structured way for longer term insight. We anticipate further professional guidance on this approach which we will adopt.	In progress	Important
<b>Review our Methodologies</b>	Our policies and procedures are being updated to reflect the new standards. Our internal Audit Manual is also being modernised into SharePoint pages to improve accessibility, improve version control, and support onboarding.	In progress	Important
<b>Reporting theme and trends</b>	A new requirement involves reporting common themes and trends to the Board. This will be integrated with our Root Cause Analysis to enhance insight and foresight.	In progress	Medium
<b>Develop AI Tools</b>	We are safely integrating AI into the audit process, developing agent models to automate tasks such as scope planning, summarisation, peer review, and root cause analysis. This enhances efficiency and insight.	In progress	Medium
<b>Third Party Assurance Framework</b>	We will revise our framework for third party assurance, as referenced in our Annual Governance Statement. We will use CIPFA's new guidance on Assurance Mapping to develop and document this in our Audit Manual.	In progress	Medium
<b>Quality - Performance Objectives</b>	Performance objectives have been reviewed with Senior Management as part of the Corporate Performance Management and Transformation. We are also updating our Teams webpages to improve communication of performance data.	In progress	Medium

## Internal Audit Strategy

The Global Internal Audit Standards require that the chief audit executive *“plans strategically to position the internal audit function to fulfil its mandate and achieve long-term success.”*



Developing an internal audit strategy is an ongoing and iterative process. It should be updated as internal audit practices evolve and improve and in response to changes in the internal audit function’s external and internal environments.

The CIPFA Application Note (GIASUKPS) sets out interpretations and requirements which need to be applied to the GIAS requirements, in order that these form a suitable basis for internal audit practice in the UK public sector. It explains that GIAS 9.1 (*Understanding Governance, Risk Management, and Control Processes*) describes the need for a chief audit executive to understand the organisation’s governance, risk management and control processes to develop an effective strategy and plan. Alongside the listed requirements in the Standard, *auditors in the UK public sector must be aware of the importance of securing value for money and the definitions which define that term in their part of the UK public sector.*

We have been developing our new Strategy over the past year, using the development tools and templates provided by the IIA.

Our strategy provides a basis for keeping internal audit services aligned with Council priorities, delivering assurance to the audit committee and senior management, and helping managers enhance governance, risk management, and control processes to achieve better performance:

<b>Vision:</b>	To be a trusted and forward-thinking partner that harnesses innovation, technology, and insight to drive continuous improvement and support resilience.	
<b>Mission:</b>	We deliver independent, risk-based and objective assurance, providing insight and foresight to strengthen governance, risk management, and internal control. We are committed to quality, innovation, and cost-effective delivery.	
<b>Strategy</b>		<b>Target Position in 2028</b>
<b>Our Objectives (what we aim for)</b>	<b>Our Strategic Internal Audit Initiatives (how we will get there)</b>	<b>Success Measures</b>
<b>Provide Quality Services</b>		
We aim to deliver high-quality, professional audit services that build trust and confidence across the organisation. By aligning with professional standards and best practice guidance, we provide assurance to stakeholders. We continuously adapt to emerging expectations and clearly communicate the rationale behind our approach.	<ol style="list-style-type: none"> <li>1. Complete a readiness assessment to new 2025 Global Internal Audit Standards in the UK Public Sector and deliver an action plan for improvement. External assessment to validate our compliance.</li> <li>2. Engage with our stakeholders and provide both insight and foresight into topical Governance Risk and Control topics</li> <li>3. Collaborate with other assurance providers to ensure appropriate and non-duplicated levels of assurance are applied to areas of highest risk</li> </ol>	<p>Compliant with professional standards.</p> <p>Stakeholders report added value through feedback</p>
<b>Evolve a High Performing and Motivated Team</b>		
Our team has a strong sense of professionalism and takes pride in our work. To help the team perform at its best and ensure continuity of service, we will continue to invest in developing our skills and knowledge. This commitment supports the delivery of high-quality assurance and helps maintain a motivated, resilient team.	<ol style="list-style-type: none"> <li>1. Development of our talent development programme, which includes an apprenticeship scheme with a structured development pathway.</li> <li>2. Promote the profession as career choice to a wider demographic, encouraging the use of innovative ways of working, utilising secondments of subject matter experts to support qualified auditors and fostering strong collaborative working arrangements with colleagues in other teams.</li> <li>3. Maintain robust learning and development opportunities to help team members grow, adapt, and consistently deliver high-quality assurance.</li> </ol>	<p>Embedded talent development programme.</p> <p>Evidence of innovative ways of working reported to stakeholders.</p>

Be Innovative		
It is important that we can maximise our productivity by working both efficiently and effectively. This means leveraging our technology and continually seeking ways to improve how we work. By embracing innovation, we can enhance the quality of our work, reduce manual effort, and respond more quickly to emerging risks and opportunities.	<ol style="list-style-type: none"> <li>1. Create a dedicated team space to explore and develop safe, practical applications of artificial intelligence that can enhance audit delivery and insight.</li> <li>2. Build a robust methodology for processing and analysing data, including a suite of continuous testing routines that interrogate full data sets using smart technology. This will support more efficient, targeted and insightful audit work.</li> </ol>	<p>Safe and effective AI is embedded in our work programme.</p> <p>Data analytics is embedded in our work programme.</p> <p>Stakeholders informed.</p>
Be Prepared for Change		
We work with innovative and complex councils and regularly adapt our approach to meet evolving organisational objectives and risks. Our team learns quickly and responds with agility. The upcoming Local Government Reorganisation will also bring significant change and short-term uncertainty. To continue providing timely and relevant assurance, we must remain flexible, build new capabilities, and support the organisation through this transition.	<ol style="list-style-type: none"> <li>1. Identify how the team can act as an enabler during organisational change, providing pragmatic assurance that helps the organisation manage risk effectively and make informed decisions.</li> <li>2. Map the team's existing skills and experience to identify areas where new capabilities will be needed. This will inform long-term development planning and ensure we are ready to support the future organisation.</li> </ol>	<p>Team is in a position to effectively review key risks and services across the new organisation.</p>

## Team resources update

Following the recent transformation review, the Internal Audit team has been restructured to include two new apprenticeship posts. The **Institute of Internal Auditors' apprenticeship scheme** is expected to launch in early 2026, although this has been delayed due to changes in the national apprenticeship framework.

As a result, we currently have vacancies which we plan to fill through short-term arrangements such as secondments or agency workers. If these posts are not backfilled, there will be a budgetary saving; however, this would result in a reduced level of assurance during the period.

We have begun engaging with training providers in preparation for the apprenticeship scheme, and recruitment will commence once the scheme is finalised. This approach supports in-house talent development and helps address ongoing recruitment challenges within the audit profession.

## Fraud and error updates

### National Fraud Initiative

We are currently preparing for the next National Fraud Initiative (NFI) data upload. This annual exercise includes Council Tax and Electoral Register datasets and helps proactively identify cases where discounts should be removed due to changes in circumstances.

### Failure to Prevent

From September 2025 there is new legislation that introduces a “failure to prevent” offence as part of the Economic Crime and Corporate Transparency Act 2023 (further information in news articles below).

Under the new offence, an organisation will be liable where a specified fraud offence is committed by an employee or agent, for the organisation's benefit, and the organisation did not have reasonable fraud prevention procedures in place. It does not need to be demonstrated that company management instructed or knew about the fraud.

This will discourage organisations from turning a blind eye to fraud by employees which may benefit them. The offence will encourage more companies to implement or improve prevention procedures, driving a major shift in corporate culture to help reduce fraud. Organisations will be able to avoid prosecution if they have reasonable procedures in place to prevent fraud.

Earlier in the year we provided training to the Corporate Managers, and posted resources on our Intranet as supporting guidance has been developed. As part of good practice, we have been reviewing our fraud risk register data. In addition, we are conducting a broader review to identify any further gaps in alignment with recognised good practice.

## **Risk update**

We have continued to strengthen our Risk Management system and Framework, with planned integration into the broader Performance Management Framework.

A key highlight this quarter is that 100% of all risk records were reviewed during the period. This is a significant achievement given the volume of records and competing priorities. Achieving a high percentage of risk reviews provides assurance that risk management is effectively embedded across the organisation. It also reflects the sustained effort invested over the past few years to improve our approach and promote the value of risk management.



## Training, development and risk insight

Below are topical updates that the Committee may find useful.

### New measures to tackle fraud come into effect

Businesses will benefit from a new corporate criminal offence of ‘failure to prevent fraud’, designed to drive an anti-fraud culture and improve business confidence.

Introduced as part of the [Economic Crime and Corporate Transparency Act \(ECCT\) 2023](#), the offence, which comes into effect (Monday 1 September), will hold large organisations to account if they profit from fraud. It forms part of wider measures introduced by the government to tackle fraud and protect the UK economy, as part of the Plan for Change.



### Fraudscape 2025

CIFAS produced their [annual fraudscape report](#). It provides a detailed overview and analysis of the fraud risk data filed by Cifas members to the National Fraud Database (NFD) and Insider Threat Database (ITD) in the twelve months to December 2024, and presents these with intelligence provided by Cifas members, partners and law enforcement. Together the insight from these different sources provides a compelling account of the challenges and threats facing the fraud prevention community, as well as the emerging threat vectors which will require focus and dedication to address.



### National Fraud Initiative Report 2022 - 2024

The National Fraud Initiative (NFI) is a significant part of the Public Sector Fraud Authority's data and analytics service, matching data to help in the prevention and detection of fraud.

Earlier this year the Public Sector Fraud Authority [produced a report](#) which captures outcomes recorded in the period 1st April 2022 to 31st March 2024 from their NFI exercise, FraudHub, AppCheck and ReCheck products.



Public Sector  
Fraud Authority

## The Nolan Principles at 30: What does the future hold for standards in public life?

In 1995, the prime minister's ethics adviser Lord Nolan set out the [Seven Principles of Public Life](#). Since then, the Nolan Principles have been the basis for the ethical standards expected of those working in the public sector, from the prime minister to civil servants to police officers.



To mark the 30th anniversary of the Nolan Principles, and to explore how ethical standards can be upheld in the future, the IfG brought together a series of expert panels and keynote speakers – including former prime minister the Rt Hon Sir John Major KG CH – for a thought-provoking and stimulating [one-day conference](#).

## Institute of Internal Auditors – Risk In Focus report

The new [Risk in Focus 2026 report](#) has been published. Coordinated by ECIIA with 14 European Institutes of Internal Auditors across 15 countries, this edition draws on 879 CAE responses, 5 roundtables with 44 participants, and 10 in-depth interviews to map the key challenges and where internal audit is spending (and will spend) its time.



As good practice we are reviewing the risk intelligence in the report to our own Strategic Register and audit plan, providing assurance that we are considering relevant and topical risks.

## CIFAS – Workplace Fraud Trends

The fraud prevention service, CIFAS, have published their [Workplace Fraud Trends 2025](#) report. It provides insight on the perceived risks and information on how employers can safeguard their workforce.



## Useful Links

Link	Details
<a href="#">Public Sector Audit Appointments</a>	PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme.
<a href="#">EY</a>	EY is our externally appointed auditor.
<a href="#">Cabinet Office NFI (National Fraud Initiative)</a>	The National Fraud Initiative is a data matching exercise which helps public sector organisations to prevent and detect cases of fraud and error.

## Note

This document will have links to external websites where it provides more information. We are not responsible for the content of external websites.

# Glossary of terms

## Assurance ratings

Internal Audit provides management and Members with a statement of assurance on each area audited. This is also used by the Chief Audit Executive to form an overall opinion on the control environment operating across the Council, including risk management, control and governance, and this informs the Annual Governance Statement (AGS).

Term	Description
Full Assurance	Controls are in place to ensure the achievement of service objectives and good corporate governance, and to protect the Authority against significant foreseeable risks.
Reasonable Assurance	Controls exist to enable the achievement of service objectives and good corporate governance, and mitigate against significant foreseeable risks. However, occasional instances of failure to comply with control process were identified and/or opportunities still exist to mitigate further against potential risks.
Limited Assurance	Controls are in place and to varying degrees are complied with, however, there are gaps in the process which leave the service exposed to risks. Therefore, there is a need to introduce additional controls and/or improve compliance with existing ones, to reduce the risk exposure.
No Assurance	Controls are considered to be insufficient, with the absence of at least one critical control mechanism. There is also a need to improve compliance with existing controls, and errors and omissions have been detected. Failure to improve controls leaves the Authority exposed to significant risk, which could lead to major financial loss, embarrassment, or failure to achieve key service objectives.

## Action ratings

Opportunities for improvement are developed into actions with Management to improve the effectiveness of the governance, risk management arrangements, and the internal control environment.





Management are responsible for implementing their actions and providing assurance when they are completed. Timescales for implementing actions should be proportionate and achievable to the available resources. To help prioritise the actions we have produced guidance below:

Priority	Description	Timescale for action	Monitoring
Critical	Extreme control weakness that jeopardises the complete operation of the service.	To be implemented immediately.	Within 1 month
High	Fundamental control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency.	To be implemented as a matter of priority.	Within 6 months
Medium	Significant control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority.	To be implemented at the first opportunity.	Within 12 months
Low	Control weakness, which, if corrected, will enhance control procedures that are already relatively robust.	To be implemented as soon as reasonably practical.	Within 24 months

The Council has an Action tracking system, which is used for monitoring progress. This will be updated upon distribution of the report and we will follow up the actions where appropriate.

## Assurance – Direction of Travel

The symbols below indicate the direction of travel when we have concluded a review:

Control Status	Improvement	Consistent	Decrease	New
Symbol				
Details and factors	<p>Actions have been implemented</p> <p>New controls established</p> <p>Risk factors have reduced</p>	<p>Controls continue to operate at the same level</p> <p>The risk environment has stayed consistent</p>	<p>Controls have reduced, or not been complied with</p> <p>Risks factors have increased, or new risks have emerged</p>	<p>This is a new review and we do not have a comparable benchmark.</p>