

Exeter City Council

Report of Internal Audit Activity

Progress Report – Quarter 1 2025/26

Internal Audit –Quarter 1 2025/26: ‘At a Glance’

The Headlines



Reviews completed in the period

- 24/25 plan completed – one report finalised
- 25/26 – two reports finalised



Progress to date

- Reasonable start to the year
- 26% of plan completed or in progress



High Organisational Risk

- None reported in the period



Action plan monitoring

- The council has 106 active agreed actions, 4 of which are overdue.



Plan changes in the year

Two audits deferred from 24/25 have been added to the 25/26 plan. One follow-up audit has been pushed back to 26/27 as a result.



Enhancements made to our internal audit process throughout the year

A monitoring system for actions agreed within audit reports is now operational. Automatic reminders will be issued monthly from 1st August 2025 to alert managers of actions overdue and close to being overdue.

Internal Audit Assurance Work 2025/26

	Q1	YTD
Substantial	0	0
Reasonable	1	1
Limited	2	2
No Assurance	0	0
Follow-up	0	0
Grants	0	0
Advisory & Other	0	0
Total	3	3

Internal Audit Agreed Actions 2025/26

	Q1	YTD
Priority 1	4	4
Priority 2	7	7
Priority 3	17	17
Total	28	28

Summary

As part of our rolling plan reports, we will detail progress against the approved plan and any updates in scope and coverage.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating significant risks previously identified through audit activity.

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Introduction

The Audit and Governance Committee approved the 2025/26 Internal Audit Plan in March 2025. This report sets out our progress against that plan. **Appendix E** summarises our progress and includes new audits that we have added to the plan.

Each completed assignment includes its respective assurance opinion rating together with the number and relative ranking of actions we have agreed with management.

We have applied the assurance opinion ratings in accordance with the SWAP Audit Framework Definitions detailed in **Appendix A**.

To assist the Committee in its important monitoring and scrutiny role, **Appendix B** summarises our key findings from No and Limited assurance opinion audits.

A follow-up review is performed in respect of all limited assurance opinion audits where there is assessed to be a medium or high organisational risk. This provides further assurance, in addition to our action tracking, that recommendations have been implemented to reduce areas of risk identified. No follow-up reviews were completed in the period.

It is important that the council implements agreed actions to address the control weaknesses set out in our reports. To give the Audit and Governance Committee a level of assurance that this is happening, we conduct regular action tracking of all agreed actions. The council's current position is summarised in **Appendix D**.

In circumstances where findings have been identified which are considered to represent high corporate risks to the Council, due to their importance, these issues are separately summarised. No significant corporate risks were reported in the period.

Internal Audit Progress Update

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation's risk profile effectively.

The internal audit plan agreed is based on our risk-based approach to help ensure that resources are focused where internal audit can offer the most value and insight. A key source of information is the Council's strategic risk register.



Internal Audit Plan coverage of strategic risks

This table maps our completed and planned audits against the council's strategic risks. As the year builds and more work is completed, coverage across key risk areas will increase. "Planned Coverage" includes audits that have not yet concluded or have not been started. Where a strategic risk is not linked to a specific audit, it may still be covered through the action tracking process (see **Appendix D**).

No	Strategic Risk	Risk Score	Completed Coverage	Planned Coverage
1	Delivering the key challenges in the Net Zero Carbon City section of the Corporate Plan	High		Planning - biodiversity net gain
2	Making progress towards a Healthy and Active City	Medium		Leisure Services
3	Adapting the council workforce to ensure appropriate skills and experience (future proof workforce)	Medium		Health and Safety at work
4	Maintaining the Financial Stability of the Council	Medium		Medium term financial plan, fraud risk assessment, debt management, creditors follow-up
5	Maintaining the Council's Property and Infrastructure Assets	High		Health & Safety of property portfolio, maintenance & capital programme of works follow-up
6	Delivering Housing and Building Great Neighbourhoods and Communities	High		Private sector housing, social housing decarbonisation grant, housing rents and arrears, CIL governance follow-up
7	Maintaining a thriving Culture & Heritage Sector	Low		
8	Delivering against the key challenges in the 'Prosperous Local Economy' section of the Corporate Plan	Medium		Waste management
9	Progressing the design and delivery of a corporate Customer & Digital Strategy	Medium		Covered by Strata and audited by DAP

Internal Audit Progress Update

We regularly monitor the council's implementation of agreed management actions.



SWAP Monitoring

Action Tracking

It is important that the council implements agreed actions to address the issues set out in our reports. To give the Audit and Governance Committee a level of assurance that this is happening, we conduct regular action tracking. We recognise that it can take longer to implement actions than planned, and sometimes target timescales need changing. The council's current position is summarised in **Appendix D**.

The council has 106 active agreed actions, four of which are overdue. The overdue actions are provided at **Appendix D**.

To give further assurance on whether the council has completed the actions agreed, we conduct follow-up audits for all higher risk work. Follow-up audits currently planned can be found within **Appendix E**. Further follow-ups will be scheduled once our monitoring work indicates that all actions relating to an audit have been completed.

Internal Audit Progress Update

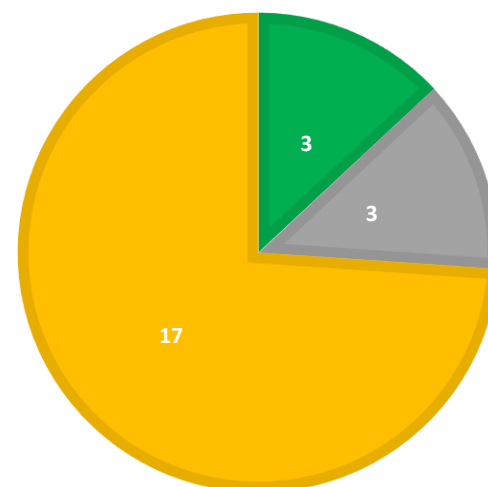
We need adequate audit coverage to provide our annual opinion.



Year to Date Progress

2025/26 PLAN PROGRESS

■ Complete ■ In progress ■ Not started



A reasonable start has been made to the year. 26% of the plan has now been completed or is in progress.

Appendix A: SWAP Audit Framework and Definitions

Audit Assurance Definitions

No	The review identified fundamental gaps, weaknesses, or non-compliance, which require immediate action. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	The review identified significant gaps, weaknesses, or instances of non-compliance. The system of governance, risk management and control requires improvement to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	The review highlighted a generally sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement which may put at risk the achievement of objectives in the area audited.
Substantial	The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Organisational Risk Assessment Definitions

Assessment	Organisational Risk & Reporting Implications
High	Our audit work includes areas that we consider have a high organisational risk and potential significant impact. Both senior management and the Audit Committee should consider key audit conclusions and resulting outcomes.
Medium	Our audit work includes areas that we consider have a medium organisational risk and potential impact. The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.
Low	Our audit work includes areas that we consider have a medium organisational risk and potential impact. We believe the key audit conclusions and any resulting outcomes still merit attention but could be addressed by service management in their area of responsibility.

Categorisation of Actions

In addition to the organisational risk assessment it is important to know how important the individual management actions are. Each action has been given a priority rating with the following definitions:

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Appendix B: Limited Assurance Audits

Payroll – Employee Self-Service – Final Report – June 2025



Audit Objective To provide assurance that there are effective governance arrangements in place for claims submitted via the employee self-service portal.

Executive Summary

	Assurance Opinion		Management Actions		Organisational Risk Assessment	Low
	The review identified significant gaps, weaknesses, or instances of non-compliance. The system of governance, risk management, and control requires improvement to effectively manage risks to the achievement of the objectives.		Priority 1	0	Our audit work includes areas that we consider have a low organisational risk and potential impact.	
			Priority 2	3		
			Priority 3	9	We believe the key audit conclusions and any resulting outcomes still merit attention, but could be addressed by service management in their area of responsibility.	
			Total	12		

Key Conclusions

	For five of the 16 expense claims we tested, the employee had submitted the expense claim without providing a valid receipt, and the manager had approved the claim. This indicates that not all managers are properly checking expense claims.
	The guidance for Payments and Allowances was temporarily unavailable on the Intranet but has since been reinstated. However, we have identified the complexity of the processes and the lack of recent reviews for certain allowances, such as those dating back to 2010, as areas of concern.
	The iTrent system provides a complete audit log for activities within the current financial year; however, visibility into historical records was unavailable during our testing of a sample of mileage, expense and overtime claims. This meant we could not confirm the claims we tested were correctly authorised.
	Some improvements need to be made to the guidance provided to employees and managers. The guidance for standby payments was last reviewed in 2019, the guidance for expenses and mileage claims does not include a time limit, and there is no guidance for managers on what checks they are expected to undertake prior to approving a claim.
	We have identified some issues with the uniformity of the claim forms within the ESS portal. There is no requirement for managers to confirm that the employee has complied with the Sustainable Travel Policy and employees are not required to declare the validity of their overtime claims. In addition, the ESS portal does not enforce the attachment of a fuel receipt for mileage claims, the reasons given by employees for submitted claims are often lacking in detail, and the element name chosen does not always match the type of claim submitted.

Audit Scope

We reviewed the risk that *'without proper governance arrangements being in place for the employee self-service system, there is a risk of fraud and non-compliance, leading to financial losses and reputational damage.'*

The scope of the audit focused on the following areas to determine whether this risk was sufficiently mitigated:

- Policies and procedures, including training and communicating the importance of following them
- Defined responsibilities for managers, including the approval of claims
- Automated approval workflows and how these are set up within the ESS
- Reviewing a sample of claims or changes made via the ESS portal for compliance with the policies and procedures

For this audit review, we tested 10 mileage claims, 16 expense claims and 10 overtime claims.

Next Steps

The council is working with MHR Global (formerly MidlandHR), the software providers for iTrent, to make improvements to the system including the ESS portal. Many of the issues raised from this audit review will be taken forward as part of this improvement project. Officers expect to complete the agreed action plan by 28th February 2026.

Appendix B: Limited Assurance Audits

Information Governance – Final Report – July 2025



Audit Objective

To provide assurance that the council has a comprehensive, up-to-date suite of information governance policies, and compliant arrangements for the classification, storage security, retention, transmission and disposal of digital and paper records

Executive Summary



Assurance Opinion

The review identified significant gaps, weaknesses, or instances of non-compliance. The system of governance, risk management and control requires improvement to effectively manage risks to the achievement of objectives in the area audited.

Management Actions

Priority 1	4
Priority 2	3
Priority 3	2
Total	9

Organisational Risk Assessment

Medium

Our audit work includes areas that we consider have a medium organisational risk and potential impact.

The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.

Key Conclusions



A full suite of information policies is not in place; four policies need to be created (Data Protection, Information Risk, Data Protection Impact Assessment) and four (Information Governance Framework, Records Management, Access to Information & Information Security) are overdue for a review.



The retention policy and schedule are overdue for a review and update.



The Information Asset Register is overdue for a review and update.



The Council does not currently have an up-to-date, documented and accurate Record of Processing Activities.

Audit Scope

We reviewed the risk that failure to meet the requirements of data protection legislation and good information governance may result in penalties and reputational governance.

To do this we assessed the following controls (at the time of the audit – May 2025):

- Information governance policies are in place which cover all legislative requirements
- Arrangements are in place to ensure that information assets are stored, transmitted and disposed of correctly
- There are records of information assets held and processing activities undertaken which is regularly reviewed
- Officers comply with the council's retention policy

Other Relevant Information

A survey of Heads of Service was undertaken to assess their knowledge of key information management guidance and policies and to determine how well records are stored, managed and disposed of within their service (note: results do not include City Development). We received a total of 13 responses (note: results do not include City Development).

It should be noted that the current Head of Service – Digital & Data has only recently taken on the role and some of the data protection responsibilities still sit with the Executive Office Manager.

Appendix C: Follow-up Reviews

There were no follow-up reviews completed in the period.

Appendix D: Monitoring of Agreed Actions



Open Management Actions

Includes all open/self assessed as complete actions and actions closed since 1st April 2025

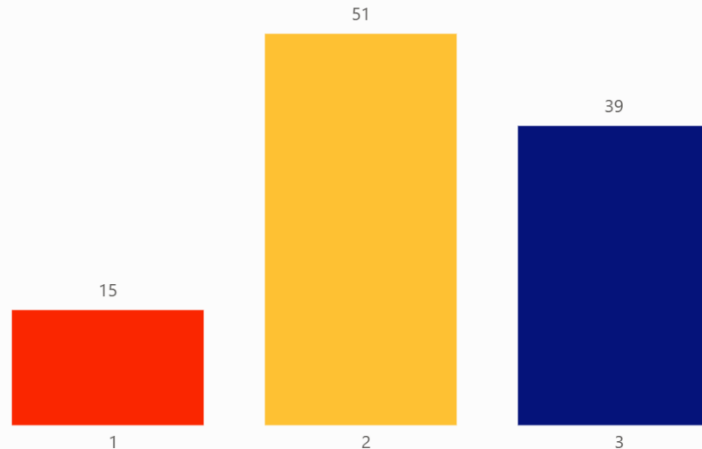


Not yet due	Due within 30 days	1-30 days overdue	31-60 days overdue	61-90 days overdue	91+ days overdue	Total Actions
81	21	2	2	(Blank)	(Blank)	106

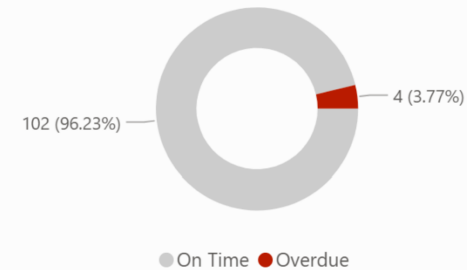
Actions by Status



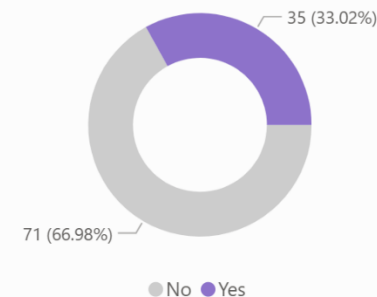
Open Actions by Priority



Overdue Open Actions



Open Actions with Extended Dates



Appendix D: Monitoring of Agreed Actions

Agreed Actions Overdue

Audit Title	Action ID	Issue	Action Agreed	Status	Priority	Target Date	Original Target Date
1 – 30 Days Overdue							
Communications Strategy	5935	The social media policy has not been reviewed since its creation in November 2023.	Initiate a comprehensive review of the social media policy to identify and address any gaps or missing elements. Incorporate provisions for monitoring social media account usage and define clear guidelines for administrators responsible for service-run social media feeds. The updated policy should be approved by senior management, and disseminated to all relevant personnel for awareness and compliance.	In Progress	2	31/07/2025	28/02/2025
Communications Strategy	5991	There are 29 social media accounts that have been inactive for over six months.	Carry out an exercise to review the inactive social media accounts with each responsible owner and assess their relevance to the council's strategic or service objectives. Consolidate or remove the dormant accounts to streamline and maintain an effective online presence.	In Progress	2	31/07/2025	30/04/2025
31 – 60 Days Overdue							
Corporate Governance	5435	The 'Local Government Finance' training session is not a mandatory session.	The 'Local Government Finance' training session will be made a mandatory session. The Monitoring Officer will review all Member development sessions to ensure Members are able to fulfil their responsibilities effectively.	In Progress	2	30/06/2025	30/04/2025
Corporate Governance	5436	The only career structure in place is for apprentices and this must be funded by the service areas themselves.	The workforce strategy will address the retention of staff and identify new skills needed particularly in relation to digital and data. The PDR process will be aligned with the new Corporate Plan priorities in 2025.	Action Superseded by LGR transition plan	2	30/06/2025	30/06/2025

Appendix E: Summary of Internal Audit Work

Audit Type	Audit	Status	Assurance Opinion	Total Actions	1 = Major	↔	3 = Medium	Organisational Risk
					Recommendation			
					1	2	3	
Complete								
Assurance	Payroll – Self Service (24/25 audit completed in 25/26)	Final	Limited	12	0	3	9	Low
Assurance	Information Governance	Final	Limited	9	4	3	2	Medium
Assurance	Ethical Governance	Final	Reasonable	7	0	1	6	Low
In Progress								
Assurance	Emergency Planning	In progress						
Assurance	Community Safety/Anti Social Behaviour	In progress						
Assurance	Planning – Biodiversity net gain	In progress						
Not Started								
Assurance	Medium Term Financial Plan	Not Started						
Assurance	Fraud Risk Assessment	Not Started						
Assurance	Contract Register	Not Started						
Assurance	Health & Safety of Property Portfolio (including housing)	Not Started						
Assurance	Private Sector Housing	Not Started						
Assurance	Social Housing Decarbonisation Grant	Not Started						
Assurance	Risk Management	Not Started						

Appendix E: Summary of Internal Audit Work

Audit Type	Audit	Status	Assurance Opinion	Total Actions	1 = Major	↔	3 = Medium	Organisational Risk
					Recommendation			
					1	2	3	
Assurance	Housing Rents & Arrears	Not Started						
Assurance	Leisure Services	Not Started						
Assurance	Debt Management	Not Started						
Assurance	Waste Management	Not Started						
Assurance	NEW Fraud Baseline Assessment (deferred from 24/25)	Not Started						
Assurance	NEW Health and Safety at Work (deferred from 24/25)	Not Started						
Follow-up	Corporate Governance	Not Started						
Follow-up	Maintenance & Capital Programme of Works	Not Started						
Follow-up	CIL Governance	Not Started						
Follow-up	Creditors	Not Started						
Deferred								
Follow-up	Fraud Baseline Assessment	Deferred	Deferred to 26/27 as full audit deferred to 25/26					