Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

Internal Audit Progress Report 2025/26

Date: 18 March 2026

APPENDIX 1

Veritau
Assurance for the public sector

CONTENTS

BACKGROUND

1   Internal audit provides independent and objective assurance and advice about the council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control, and governance processes.

2   The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Global Internal Audit Standards and the Application Note: Global Internal Audit Standards in the UK Public Sector.

3   In accordance with the Global Internal Audit Standards (UK Public Sector), the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Accounts, Audit & Risk Committee, and to identify any emerging issues which need to be brought to the attention of the committee.

4   The internal audit work programme was agreed by this committee in March 2025.

5   Veritau has adopted a flexible approach to work programme development and delivery. Work to be undertaken during the year is kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council.

6   The purpose of this report is to update the committee on internal activity up to 28 February 2026.

INTERNAL AUDIT PROGRESS

7   A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in annex A. Annex A also details other work completed by internal audit during the year.

8   Since our last report to this committee, three audits have been finalised. These were IT Asset Management (Reasonable Assurance); Cyber Security: user awareness and training (Reasonable Assurance) and the utilities management follow up audit report. This was a follow up of a red rated audit from the previous provider. There is one action from this audit, which is rated critical.

9   Three audits from the 2025/26 work programme are in progress. Licensing is in the final stages and a draft report will be issued very shortly. Fieldwork is ongoing for the Section 106 agreements audit and planning is underway for a project management audit relating to Bicester Market Square.

10 The 2025/26 audits of LATCO governance and Procurement Act compliance are in the initial planning stage. Contact will be made with officers over the coming weeks to agree specifications and begin fieldwork.

11   The work programme, showing current priorities for internal audit work, is included at annex B. At this stage in the year all work is categorised as 'do now' as completion of these audits will see the conclusion of the work programme. The 2026/27 work programme is being presented as a separate agenda item in this committee meeting.

12   Annex C summarises the key findings from the utilities management audit, and includes actions agreed with officers to address identified control weaknesses.

13   Annex D lists our current definitions for finding priorities and overall assurance levels.

FOLLOW UP

14   All actions agreed with services as a result of internal audit work are followed up to ensure that underlying control weaknesses have been addressed. As a result of this work, we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits.

15   A summary of the current status of follow up activity is included at annex E.

ANNEX A: INTERNAL AUDIT WORK IN 2025/26

Final reports issued

Audit	Reported to Committee	Opinion
Cloud, network and security management and monitoring	July 2025	Substantial Assurance
ICT applications: third party assurance	July 2025	Substantial Assurance
Risk management	November 2025	Reasonable Assurance
Performance Management Framework	November 2025	Reasonable Assurance
Governance and decision making	November 2025	Substantial Assurance
Treasury management	November 2025	Substantial Assurance
Utilities management: follow-up audit	March 2026	No opinion given
Cybersecurity: user awareness and training	March 2026	Reasonable Assurance
IT Asset Management	March 2026	Reasonable Assurance

Audits in progress

Audit	Status
Licensing	Fieldwork complete
Section 106 agreements	In progress
Project management: Bicester Market Square	Planning
LATCO governance: Crown House and Graven Hill	Planning
Procurement Act compliance	Planning

Other work completed in 2025/26

Internal audit work has been undertaken in other areas during the year, including those listed below.

▲ Follow up of agreed actions, including preparation of regular reports to Corporate Leadership Team (CLT).

▲ Development of follow-up and escalation procedure

Internal audit work has been undertaken in other areas during the year, including those listed below.

▲ Attendance at, and support to, CLT, Corporate Oversight Governance Group, and the Statutory Officers' Group.

▲ Contribution to the council's governance dashboard.

▲ Contribution to the council's Annual Governance Statement and Local Code of Corporate Governance.

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ANNEX B: CURRENT AUDIT PRIORITIES

Audit / Engagement	Rationale
Category 1 (do now)	
Section 106 agreements	Risks and controls are changing.
Project management: Bicester Markey Square	Review to establish lessons learned for project management, using example of Bicester Market Square
LATCO governance: Crown House and Graven Hill	Provides coverage of key assurance area. Being undertaken following a request from senior management.
Procurement Act compliance	To provide assurance that the council complies with the procurement act 2023, which came into force in February 2025.
Category 2 (do next)	
Category 3 (do later)	

ANNEX C: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
Utilities management follow up (February 2026)	No opinion given[1]	A follow-up of the actions agreed in the utilities management report, issued in January 2024.	The review found that some progress has been made but significant elements of the originally identified control weaknesses remain unresolved. One critical rated action has been agreed, which is anticipated to address the issues identified. Positive developments include a new corporate utilities register, improved meter reading within Property Services, and progress toward procuring a utilities specialist. However, major actions, particularly the corporate landlord approach and consistent council-wide processes, are only partially implemented, leaving fragmented responsibilities, limited oversight, and ongoing financial risks. Future plans appear credible, with the planned engagement of Laser from 2026 expected to centralise expertise, streamline processes, and embed stronger governance. to ensure preparations for appointing	The council will complete work to appoint a utilities specialist. A clear specification of work will be developed, and deliverables specified, which address the outstanding actions from the previous audit and which set the framework for a sustainable, joined-up approach to utilities management.

[1] No opinion is given when the scope of the work doesn't allow for an opinion on the overall system of governance, risk and control. In this case the work was a follow up of previous issues and agreed actions.

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System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			the specialist address current weaknesses, and further follow up will take place to confirm implementation of this action.	
IT Asset Management	Reasonable Assurance	A review of the maintenance and accuracy of ICT asset inventory, policies and procedures and processes for redistribution, upgrade, and disposal of desktops, laptops and mobile devices.	IT asset management is generally well managed through Microsoft Intune, but gaps in lifecycle data, inconsistent device allocation, and outdated policies reduce assurance over the accuracy and completeness of the asset register. Policies are appropriate and supported by technical controls which ensure only enabled devices can connect to the council network. Device reallocation processes are not consistently followed, and end-of-life and disposal procedures lack formalisation, leading to assets remaining incorrectly listed as active. Despite these weaknesses, most devices are up to date, visibility in Intune is strong, and minor user-assignment issues identified during the audit were promptly resolved.	The council will enhance its asset register by adding and maintaining full lifecycle data, completing a full clean-up, and introducing routine reconciliations. The one-in, one-out process will be reinforced to the team.
Cyber security: user awareness and training	Reasonable Assurance	A review of policies and procedures, staff training	The Council has the necessary cyber-security policies and procedures in place and recently updated, though formats and approval information are inconsistent.	The council will review completion rates and

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System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
		and guidance. It also included a staff survey to assess effectiveness of awareness raising.	Monthly Mimecast training and mandatory annual iHasco modules provide appropriate awareness and guidance, but incomplete iHasco training records mean overall compliance cannot yet be confirmed. A staff survey showed strong understanding of cyber-security responsibilities, though improvements are needed around AI, personal device use, and password practices. Some intranet guidance remains outdated, and while phishing simulations are regularly used to assess awareness, incident-management information online does not fully reflect current procedures.	work with HR to improve them if required. Policies will be reviewed and updated as required, as will cyber security guidance on the intranet. Officers will reflect on the results of the survey and take actions to address areas of lower confidence or understanding.

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ANNEX D: ASSURANCE ENGAGEMENT OPINIONS AND FINDING PRIORITIES

Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four grades of opinion, as set out below.

| Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Finding ratings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

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ANNEX E: FOLLOW UP OF AGREED AUDIT ACTIONS

1   In figure 1, below, the status of agreed actions from follow-up activity undertaken up to 28 February 2026 is shown. Actions have been categorised by the rating of the finding from which they were raised (i.e. from a scale of opportunity to critical – see annex D for definitions).

2   For clarity, figure 1 is showing the results of all actions followed up between 1 April 2025 and 28 February 2026, regardless of when they were originally due (i.e. it may include actions which fell due prior to the reporting period but which are still being followed up). It also shows the number of actions which have been agreed in finalised audits but which have either (a) not yet fallen due, so have not been followed up or (b) which have been followed up and a revised completion date has been agreed.

Figure 1: Total actions followed up in 2025/26
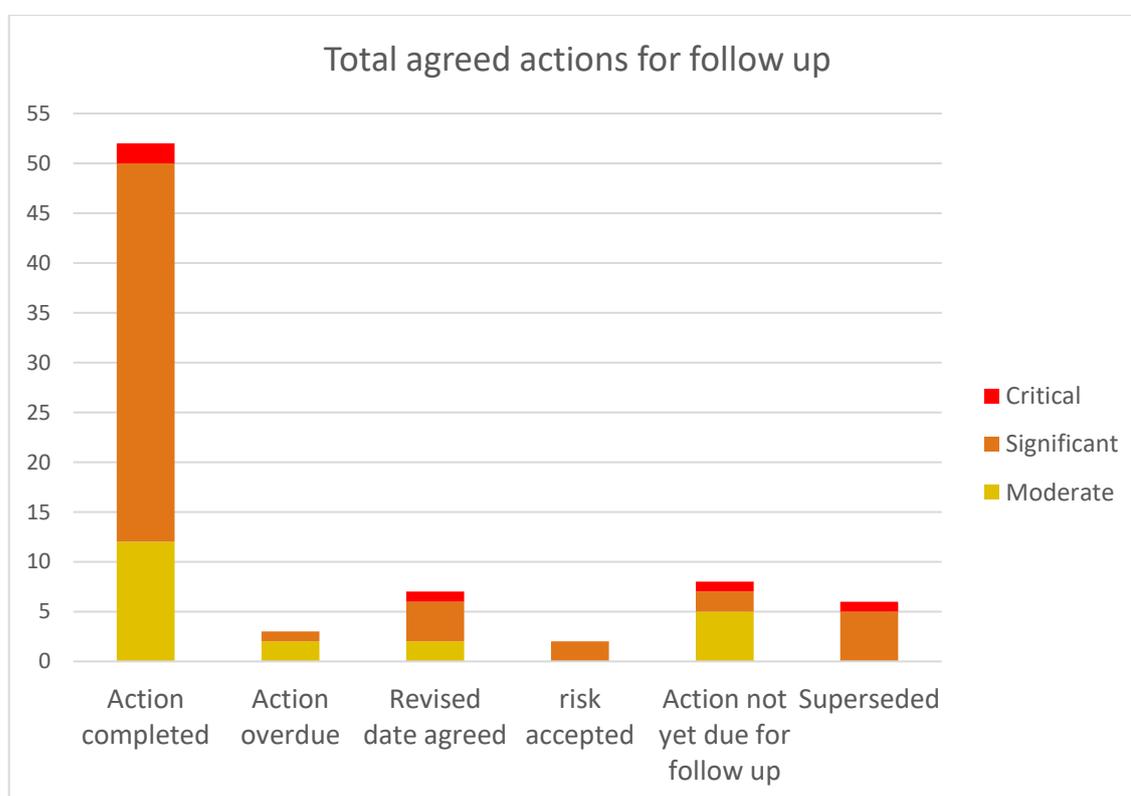
3   A total of 70 agreed actions have required follow up this year[2]. Of these, 52 (74%) have been satisfactorily implemented.

4   Two actions have been marked as risk accepted[3]. The risk accepted status is used when senior management has decided to accept the risk of not completing the action.

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[2] A further 8 agreed actions are not due for follow up at the time of reporting.
[3] These relate to frequency of emissions monitoring and reporting from the 2022/23 Climate audit, which officers have identified as not being in line with standard practice or being realistic to implement. Annual monitoring and reporting does remain in place.

5   Seven actions have had their original implementation timescale extended (i.e. a revised date has been agreed with the action owner). These relate to the following audits:

▲ Performance management framework
▲ Procurement compliance
▲ PCI DSS
▲ Risk Management

6   Figure 2, below, groups agreed actions by how far from the original implementation date the revised date has been set, and the priority of the action.

7   We agree revised dates where the delay in addressing an issue will not lead to unacceptable exposure to risk and where the delays may be unavoidable. However, the committee should be aware that lengthy or continued revised dates do inevitably lead to a degree of risk exposure to the council.

8   From figure 2, the committee can see that three actions have been revised by over six months from the original implementation date and two actions have been revised for between three to six months from the original implementation date. One critical action (relating to PCI DSS) has been revised by over six months from the original implementation date and a total of four significant actions have had revised dates agreed.

Figure 2: Length of revised dates for action implementation
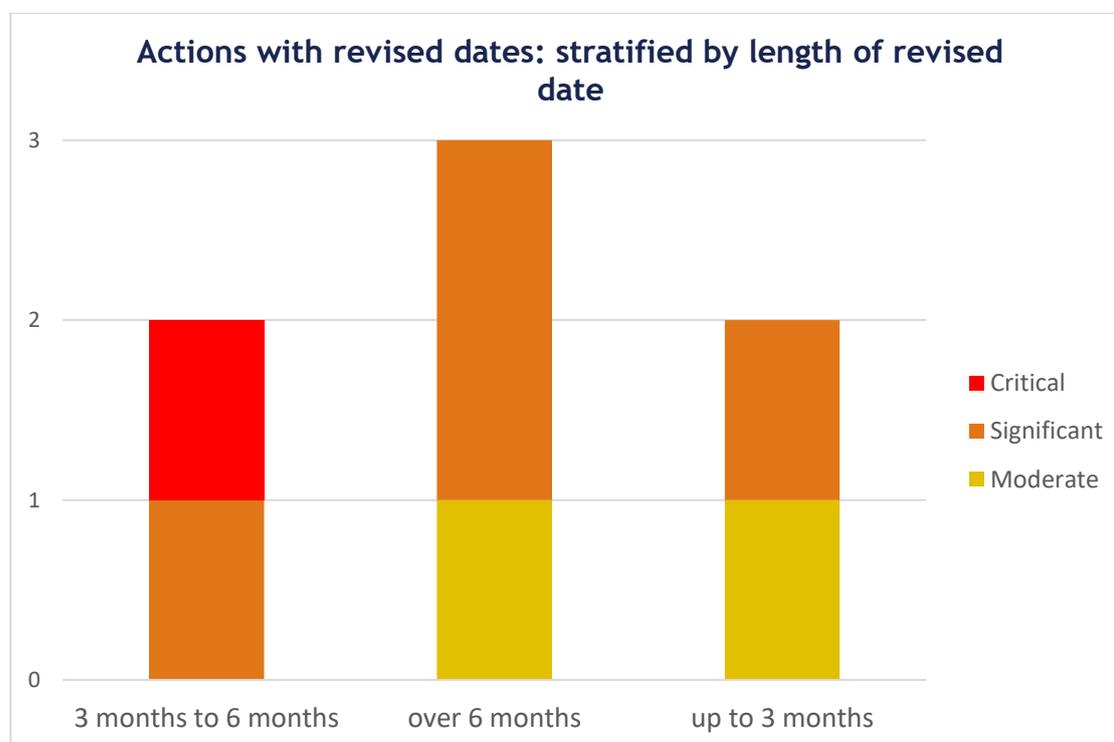
9   At the time of reporting, 3 agreed actions are overdue. These relate to the following audits:

   ▲ Governance and decision making
   ▲ Utilities management

10   Actions are categorised as overdue when the implementation date (either original or revised) has passed, and we have not had an adequate response from the action owner to confirm completion.

11   Two of the overdue actions are rated moderate and a response has been received from the officer. It is likely a revised date will be agreed for these actions but communications with officers are ongoing to agree a revised date.

12   The significant overdue action relates to the previous utilities management audit. One action from the original audit has not been superseded by the new critical action raised in the recently issued follow up report. This action related to an expected credit relating to utilities payments for Banbury museum; officers have been waiting on an external report commissioned by Banbury Museum's Trust and this has been delayed. This will continue to be followed up until a conclusion is reached.

Figure 3: Length of time actions have been overdue

Overdue actions: stratified by days outstanding