







# **East Devon District Council**

Report of Internal Audit Activity

Progress Report – Quarter 1 2025/26

## Internal Audit – Quarter 1: ‘At a Glance’

### The Headlines

	<b>Reviews completed in the period</b> <ul style="list-style-type: none"> <li>3 reviews (2 assurance audits and 1 support activity) have been finalised.</li> </ul>
	<b>2025/26 Internal Audit Plan progress to date</b> <ul style="list-style-type: none"> <li>1 audit and 1 support activity have been completed.</li> <li>1 audit is at draft report stage, 6 audits are in progress and 2 audits are being scoped.</li> <li>55% of planned Half 1 reviews have either started or been completed.</li> </ul>
	<b>High Organisational Risks</b> <ul style="list-style-type: none"> <li>We have not found any High Organisational Risks since our last progress report.</li> </ul>
	<b>Action monitoring</b> <ul style="list-style-type: none"> <li>We monitor the council’s implementation of agreed actions through our audit management system.</li> <li>The council has 93 open agreed actions, compared to 108 in our last report.</li> </ul>
	<b>Plan changes in the period</b> <ul style="list-style-type: none"> <li>We have added the follow up audits we expect to take place this year to the Plan. We expect to complete 9 follow up audits this year, but this is dependent on the council implementing the agreed actions.</li> <li>We added and completed 1 support activity following a management request.</li> </ul>
	<b>Range of innovations and enhancements made to our internal audit process throughout the year</b> <ul style="list-style-type: none"> <li>Officers responsible for management actions now receive a monthly email highlighting any actions that are overdue or that have a timescale falling in the next 30 days. This is prompting officers to provide updates on AuditBoard independently.</li> </ul>

### Internal Audit Assurance Opinions 2025/26

	Aug	YTD
<b>Substantial</b>	0	0
<b>Reasonable</b>	1	1
<b>Limited</b>	1	1
<b>None</b>	0	0
<b>Follow Up</b>	0	0
<b>Advisory &amp; Other</b>	1	1
<b>Total</b>	3	3

### Internal Audit Agreed Actions 2025/26

	Aug	YTD
<b>Priority 1</b>	0	0
<b>Priority 2</b>	6	6
<b>Priority 3</b>	4	4
<b>Total</b>	10	10

## 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.

The contacts at SWAP in connection with this report are:

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### Introduction

The Audit and Governance Committee approved the 2025/26 Half 1 Internal Audit Plan in March 2025. This report sets out our progress against the Plan. **Appendix E** summarises our progress as of 29 August 2025 and identifies new audits that we have added to the Plan since our last update to Committee.

Each completed audit 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 set out in the SWAP Audit Framework Definitions detailed in **Appendix A**.

To help the Committee in its important monitoring and scrutiny role, **Appendix B** summarises our key findings from No and Limited assurance opinion audits. There is one new Limited assurance audit highlighted in this report.

We conduct follow-up audits for all No and Limited assurance audits. Follow-up audits assess whether the council has completed agreed actions. Outcomes from completed follow-up audits are summarised in **Appendix C**. We have not completed any follow-up audits since our last update to the Committee.

It is important that the council implements agreed actions to address the problems 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. The council's current position is set out in **Appendix D**.

Where there are findings that we believe pose a high organisational risk to the council, we summarise these findings separately. We did not find any high organisational risks in this reporting 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**).

Strategic Risk	Completed Coverage	Planned Coverage
Devolution and Local Government Review		
Adequacy of financial resource planning to deliver the Council's priorities	Fraud eLearning Module	Fraud Risk Assessment, Bank Reconciliation
Adequate emergency planning and business continuity		
Business failure of a major contractor or significant partner	Supplier Resilience	Contract Management
Climate Change targets not achieved		
Ensure robust decision making	Development Management	Ethical Governance Follow Up, Performance Follow Up
Failure to adequately protect staff health and safety at work		Corporate Health & Safety
Failure to ensure that our corporate property portfolio is fully compliant with legal requirements		
Failure to ensure the delivery of the Council Plan		Community Safety
HRA budget issues		Damp & Mould, Fire Safety
Impact of the economic situation on our residents		
Increasing homelessness		
Recruitment and retention issues		Agency Staff and Consultants (IR35) Follow Up
Risk of significant data breach or significant non-compliance with relevant legislation		
Risks in Partnership Working		Strategic Partnerships Follow Up
Maintaining positive relationships		
Poor data retention		

## Internal Audit Progress Update

Given a risk-based approach is followed, it is important to demonstrate that agreed actions are implemented to reduce risks reported.



### Monitoring of Agreed Actions

It is important that the council addresses the problems 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.

The council's current position is set out in **Appendix D**, which includes:

- a dashboard summarising the total number of open, self-assessed complete and closed actions
- a table showing the number and status of actions for individual audits; and
- details of overdue Priority 1 and Priority 2 actions

Most of the agreed actions are for audits that took place in 2023/24 or 2024/25. There are a small number of actions from earlier periods. We will continue to monitor these actions until they are completed.

We conduct follow-up audits for all No and Limited assurance audits. These reviews assess whether the council has completed agreed actions.

Where we have performed a follow-up and concluded that actions are outstanding, we continue to monitor those actions until they are completed.

## Internal Audit Progress Update

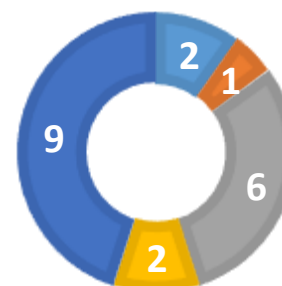
We need adequate audit coverage to provide our annual opinion.



### Year to Date Progress

#### 2025/26 HALF 1 INTERNAL AUDIT PLAN PROGRESS

■ Complete ■ Draft ■ Fieldwork ■ Scoping ■ Planned



The chart above summarises our progress against the 2025/26 Half 1 Internal Audit Plan. The agreed Half 1 Plan included 11 reviews. Since the Half 1 Plan was agreed:

- one audit has been replaced following a senior management request
- one audit has been removed, but it has been replaced in the proposed Half 2 Plan; and
- we have added one additional support activity and nine anticipated follow up reviews

This leaves an agreed Half 1 Plan comprised of 20 reviews. As of 29 August 2025, 2 reviews (10%) have been completed, 1 review (5%) is at draft report stage, fieldwork has started on 6 reviews (30%) and 2 are being scoped (10%). As such, 55% of planned reviews have either started or have been completed.

The table above does not include four reviews that were originally part of the 2024/25 Internal Audit Plan. One of these reviews is now complete, one is at draft stage and two are in progress.

## Appendix A: SWAP Audit Framework and Definitions

Audit Assurance Definitions	
<b>No</b>	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.
<b>Limited</b>	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.
<b>Reasonable</b>	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.
<b>Substantial</b>	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		Categorisation of Actions	
Assessment	Organisational Risk & Reporting Implications	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:	
<b>High</b>	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.	<b>Priority 1</b>	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
<b>Medium</b>	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.	<b>Priority 2</b>	Important findings that need to be resolved by management.
<b>Low</b>	Our audit work includes areas that we consider have a low 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.	<b>Priority 3</b>	Finding that requires attention.


## Appendix B: No and Limited Assurance Audits

### Supplier Resilience – Final Report – July 2025



**Audit Objective** To establish if the council has effective arrangements for assessing the business resilience of suppliers and ensuring continuity in the event of supplier failure.

#### Executive Summary

	<b>Assurance Opinion</b>	<b>Management Actions</b>		<b>Organisational Risk Assessment</b>	<b>Medium</b>
	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.	<b>Priority 1</b>	0	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.
		<b>Priority 2</b>	5		
		<b>Priority 3</b>	1		
		<b>Total</b>	6		

#### Key Conclusions

	The council's contract register is incomplete. None of the contracts we reviewed in this audit were in the contract register, though one has since been added. This means there is reduced corporate oversight over contracts and potential supplier risks.	<b>Audit Scope</b>  We reviewed the risk that the council is unable to secure ongoing provision of contracted services, impacting its ability to provide services, its finances or its reputation.  To do this we assessed the following control areas: <ul style="list-style-type: none"> <li>• Council oversight of key contracts with third parties</li> <li>• Supplier management policies and procedures</li> <li>• Pre-procurement checks, including criticality, financial stability, business continuity, disaster recovery and insurances</li> <li>• Post-procurement monitoring of the above</li> <li>• Council services maintain continuity plans, recovery plans and exit strategies</li> </ul>
	The council has not established a clear policy setting out the checks that should take place at procurement or during the life of the contract. While officers can access procurement advice and some guidance and templates, there needs to be a clearer framework for officers to follow.	
	The contract managers we interviewed told us they were not conducting regular checks on supplier financial health or insurance status. While the council has a credit checking facility, this is not being used to regularly monitor the financial health of significant suppliers.	
	Current guidance, templates and the council's conditions of contract do not consistently require suppliers to have and share business continuity plans (BCPs) with the council. Internal service BCPs do not always refer to key contracts or set out how the council would respond to unexpected supplier failure.	
	Contract managers have regular meetings with their suppliers to monitor their performance and reported that they could raise resilience concerns through these forums. Officers can access guidance on the minimum insurance cover suppliers should hold, and insurance requirements have been included in the council's standard terms and conditions.	
Due to time constraints, we have not tested exit strategies. The transaction data used in this audit covered the period 1 April 2021 to 23 September 2024.		

#### Other Relevant Information

Our testing focused on four of the council's most significant contracts: Ian Williams (housing maintenance), Suez (waste and recycling collection), Leisure East Devon (leisure centre management) and Latchams (annual billing and elections printing). We acknowledge that the council procured the first three contracts more than five years ago, therefore they may not reflect current procurement practice. Similarly, the Latchams contract was procured by Strata on the council's behalf, so may have been subject to different requirements.

The council has agreed to complete 5 actions by 31 March 2026. The sixth action was already agreed in the recent Local Government Transparency Code audit, so we will monitor the action record from that review.

Full details of our audit testing are available upon request. Our audit assurance framework and definitions can be found here ([www.swapaudit.co.uk/audit-framework-and-definitions](http://www.swapaudit.co.uk/audit-framework-and-definitions)).

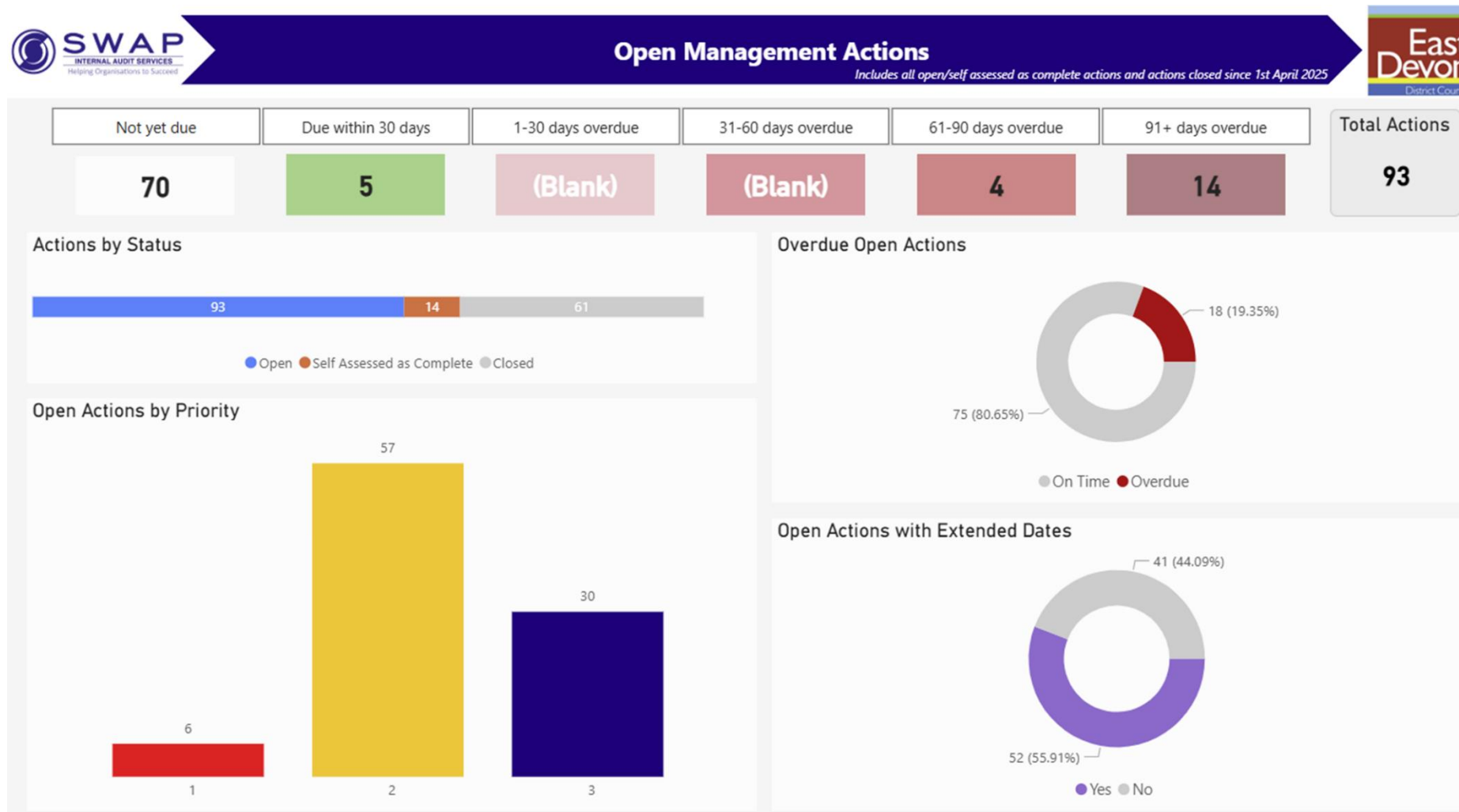
## Appendix C: Follow-up Audits

There are no follow-up audits to highlight in this report.

## Appendix D: Monitoring of Agreed Actions

The dashboard below summarises the council's position as of **29 August 2025**. There are 93 open management actions, compared to 108 in our last Committee report.

Our records show that the council has completed 61 actions since the start of 2025/26. 14 actions have been self-assessed as complete and are awaiting follow up.



## Appendix D: Monitoring of Agreed Actions

The table below summarises the status of agreed actions by audit, as of 29 August 2025. Committee Members can access a separate report that includes the full detail of open Priority 1 and Priority 2 actions, and the latest progress update we have received, via the Modgov Councillor Library.

ID	Audit Title	Audit Opinion	Period	Open Actions			Self-Assessed Complete	Closed	Total Actions
				On Time	Overdue	Total			
713	IT Governance and Security Risk Overview	Advisory	2022/23		2	2		4	6
1088	Debtors (Accounts Receivable)	Reasonable	2022/23			0	1	1	2
1347	Out of Hours Schemes	Limited	2022/23	2		2		3	5
1518	Information Governance Policies and Compliance with Retention Policy	Limited	2023/24	8		8	2	3	13
1519	Emergency Planning	Limited	2023/24	1		1		7	8
1566	Housing Whistleblowing Concerns Follow Up	Advisory	2023/24	2		2		1	3
1838	Strategic Partnerships	Limited	2023/24	1		1		6	7
1839	Performance Management	Limited	2023/24	6		6	1		7
2087	Climate Change	Reasonable	2022/23	3		3		1	4
2327	Volunteer Management	Limited	2023/24		1	1		7	8
2662	Housing Electrical Safety	Limited	2023/24	1		1	4	4	9
2746	Procurement Cards	Limited	2024/25	3		3		7	10
2748	Corporate Property Health & Safety	Reasonable	2024/25		4	4		1	5
2751	Planning Application Fees	Substantial	2024/25			0	1	1	2
2753	Treasury Management	Reasonable	2024/25	1		1		5	6
2754	Supplier Resilience	Limited	2024/25	5		5		1	6
2755	Ethical Governance	Limited	2024/25	5		5		4	9
2757	Temporary Accommodation	Reasonable	2024/25	6		6		6	12
2759	Business Continuity	Limited	2024/25	9		9			9
2761	Disabled Facilities Grant (DFG) Process	Reasonable	2024/25	2		2		4	6
3026	Investigation 3026	Investigation	2024/25		11	11		1	12
3124	Establishment System Controls	Advisory	2024/25	1		1		2	3
3271	Confidential Review 3271	Advisory	2024/25	4		4	5		9

## Appendix D: Monitoring of Agreed Actions

ID	Audit Title	Audit Opinion	Period	Open Actions			Self-Assessed Complete	Closed	Total Actions
				On Time	Overdue	Total			
3382	Housing Voids	Reasonable	2024/25	7		7		1	8
3384	Local Government Transparency Code	Limited	2024/25	7		7		6	13
3990	Development Management – Compliance with the Scheme of Delegation	Reasonable	2025/26	1		1		3	4
				75	18	93	14	79	186

Under the Global Internal Audit Standards, when an agreed management action becomes overdue, we must obtain an explanation from the action owner and document this.

We contacted all officers with agreed actions that would become overdue on or before 29 August 2025. We received a series of updates and, where needed, officers have submitted revised timescales.

Following these updates, as of 29 August 2025 there are 18 total overdue actions, broken down as follows:

Priority	Overdue Actions
Priority 1	1
Priority 2	9
Priority 3	8
<b>Total</b>	<b>18</b>

This includes 11 overdue actions from a confidential review, the details of which we cannot include in this report. We are in contact with the relevant service and expect to receive progress updates before the Committee meeting.

The following table sets out the reportable Priority 2 action that was overdue on 29 August 2025, and the most recent update we have received.

## Appendix D: Monitoring of Agreed Actions

### Overdue Priority 2 Management Actions

AP#	Year	Audit Title	Issue and Agreed Action	Original Timescale	Current Timescale	Progress Status	Progress update
3565	24/25	Volunteer Management	<p><b><u>There is no formal health and safety training as part of the volunteer's induction.</u></b></p> <p>Volunteer leads will be advised to liaise with Health &amp; Safety to complete a risk assessment for their volunteer roles. This will ascertain the training requirement for each role. H&amp;S will produce a volunteer handbook to accompany the updated policy.</p>	30/04/2024	31/01/2025	Overdue	<p>June 2025:</p> <p>The updated Use of Volunteers Policy specifies that the supervisor must ensure that the volunteer is aware of the relevant risk assessment and control measures in place, and that the council will provide training to lone workers. HR has produced a new checklist for supervisors which includes two prompts to share health and safety information with volunteers.</p>

We have contacted the Health and Safety team to obtain a further update for this action.

## Appendix E: Summary of Internal Audit Work

Audit Type	Audit	Status	Assurance Opinion	Organisational Risk Assessment	Total Actions	1 = Major	↔	3 = Low
						Priority Rating		
						1	2	3
2024/25 Internal Audit Plan								
Assurance	Supplier Resilience	Final	Limited	Medium	6	0	5	1
Other	Investigation 3852	Draft						
Assurance	Budget Monitoring	Fieldwork						
Follow Up	Strategic Partnerships	Fieldwork						
2025/26 Internal Audit Plan								
Complete								
Assurance	Development Management – Compliance with the Scheme of Delegation	Complete	Reasonable	Low	4	0	1	3
Other	NEW: Fraud eLearning Module	Complete	N/A	N/A	0	0	0	0
Reporting								
Follow Up	NEW: Establishment Control	Reporting						
Fieldwork								
Assurance	Contract Management	Fieldwork						
Assurance	Corporate Health & Safety	Fieldwork						
Follow Up	NEW: Housing Electrical Safety	Fieldwork						
Advisory	Fraud Risk Assessment	Fieldwork						
Follow Up	NEW: Agency Staff and Consultants (IR35)	Fieldwork						

## Appendix E: Summary of Internal Audit Work

Audit Type	Audit	Status	Assurance Opinion	Organisational Risk Assessment	Total Actions	1 = Major	↔	3 = Low
						Priority Rating		
						1	2	3
Follow Up	<b>NEW:</b> Volunteer Management	Fieldwork						
Scoping								
Assurance	Bank Reconciliation	Scoping						
Assurance	Housing Landlord Compliance – Damp & Mould	Scoping						
Planned								
Advisory	Fraud Provision	Planned						
Assurance	Community Safety and Anti-Social Behaviour	Planned						
Assurance	Housing Landlord Compliance – Fire Safety	Planned						
Assurance	Section 106 and Community Infrastructure Levy (CIL)	Planned						
Follow Up	<b>NEW:</b> Ethical Governance	Planned						
Follow Up	<b>NEW:</b> Out of Hours Schemes	Planned						
Follow Up	<b>NEW:</b> Performance Management	Planned						
Follow Up	<b>NEW:</b> Procurement Cards	Planned						
Follow Up	<b>NEW:</b> Investigation 3026	Planned						
Deferred and Removed								
Assurance	Pest Control Service	Deferred	Replaced by Corporate Health & Safety.					
Assurance	Finance Provision	Removed	Confirmed not needed. This will be replaced by a H2 Plan audit.					