Appendix 1

INTERNAL AUDIT SHARED SERVICE

Blaby District Council

Internal Audit Progress Report 2026/27 Q1

1. Introduction

1.1 Internal Audit is provided through a shared service arrangement led by North West Leicestershire District Council and delivered to Blaby District Council and Charnwood Borough Council. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight progress against the 2026/27 Internal Audit Plan for quarter 1.

2 Internal Audit Plan Update

2.1 The 2026/27 audit plan is included at Appendix A for information and shows the audits in progress. Since the last update report four final reports have been issued.

The executive summaries for the reports are included at Appendix B.

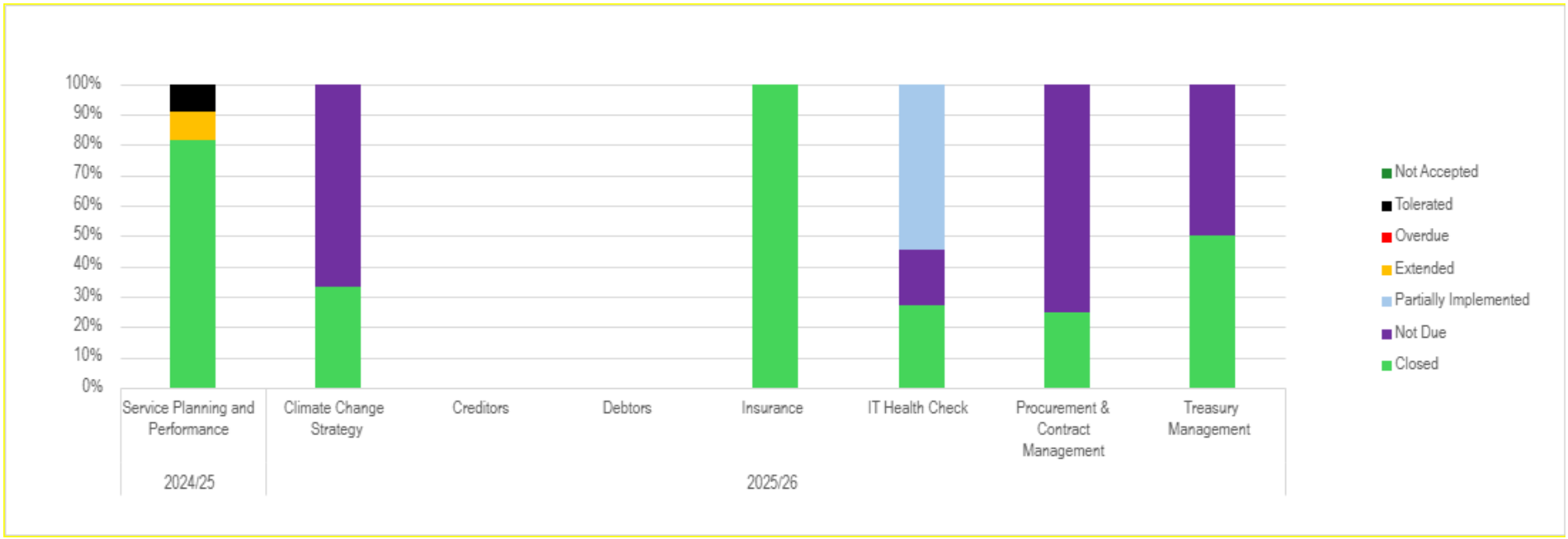
Progress during 2025/26 has been affected by delays, primarily arising from a period when the audit service was unable to access Blaby IT systems during the transition to an in-house arrangement, alongside subsequent report finalisation and staffing challenges. These delays have had a slight impact on quarter 1 of 2026/27 but nothing significant to date. Despite the delays, sufficient audit coverage has been achieved to support the provision of an annual opinion.

3 Internal Audit Recommendations

3.1 Internal Audit monitor and follow up all critical, high and medium priority recommendations. Further details of overdue and extended recommendations are detailed in Appendix C for information.

Year	Not Due		Extended		Overdue	
	High	Medium	High	Medium	High	Medium
24/25	-	-	-	1	-	-
25/26	9	8	-	-	-	-

Implementation of Actions by Audit



Appendix A

2026/27 AUDIT PLAN PROGRESS

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
ICT - Governance	Audit	15		Q3						
ICT - Cyber Security	Audit	10		External IT Auditor						
Customer Journey/ Experience and Standards	Advisory	12		Q3						
HR - iTrent system	Advisory	2		As required						
Food Waste Service	Audit	8		Q1						
MOT's	Advisory	2		As required						
Garden Waste	Audit	2		Q2						
Whitespace system	Advisory	2		As required						
Waste Services Follow-up	Advisory	2		As required						
CCTV - Policy and Process	Advisory	2		As required						
Disabled Facilities Grant Determinations	Grant	3		Q1/2						
Temporary Accommodation	Advisory	4	0.5	As required						
Renter's Rights Preparedness	Advisory	3		As required						
ModGov System	Advisory	2		As required						
Building Safety Levy	Advisory	2		As required						
Key Financial Systems	Audit	40		Q3/Q4						
Budget Management	Audit	8		Q2						
Income Collection	Advisory	2		As required						
Benefits Subsidy	Advisory	5	1.5	As required						
A Place to Grow	Advisory	2		As required						
UKSPF	Audit	2		Q1						
Planning Enforcement	Audit	12		Q4						
Planning Governance	Audit	15		Q2						

Development Management - Pre application Service	Advisory	2		As required						
Culture	Audit	15		Q1/2						
Devolution/ LGR	Advisory	6		As required						
Carried forward from 2025/26										
IT Health Check	Audit	10	10.5	Complete	Reasonable	-	4	7	2	
Licensing (Street Trading)	Audit	10	4.5	Due for debrief						
Data Protection	Audit	15	16	Due for debrief						
Creditors	Audit	10	4	Complete	Reasonable	-	-	-	-	
Debtors	Audit	4	4	Complete	Reasonable	-	-	-	-	
Main Accounting	Audit	10	5	Management Responses						
Council Tax	Audit	4	4	Management Responses						
Treasury Management	Audit	4	3	Complete	Reasonable	-	-	2	-	
Payroll	Audit	4	2	Due for Debrief						
Planning	Audit	15	11	Management Review						
Fleet Management and Grey Fleet	Audit	10	16	Debrief meeting booked						

Appendix B

SUMMARY OF FINAL AUDIT REPORTS ISSUED DURING 2026/27 Q1

CREDITORS

REASONABLE ASSURANCE	
	A generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Key Findings

Areas of positive assurance identified during the audit:

- Key procedures are up to date and available to all relevant staff.
- Adequate segregation of duties exists between the ordering and payment for goods and services and the recording of transactions in the general ledger.
- Suitable controls are in place for the authorisation of payments.
- Cardholders formally sign a copy of the Council's Corporate Credit Card – Terms of Use to confirm acceptance.
- Verification checks are completed to validate changes to supplier bank details.
- Regular reconciliations between the creditors system, the general ledger and the bank account are completed and reviewed as required.

IT HEALTH CHECK

REASONABLE ASSURANCE	
	A generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Key Findings

Areas of positive assurance identified during the audit:

- The ICT function was re-established in July 2025 after a period of outsourced IT provision. It is clear that ICT management have taken the opportunity to proactively review the delivery of IT Services / Systems.
- Security – Logical / Physical – Overall the approach to security, both logical and physical, was found to be well managed with the use of technology to enhance the protection of ICT Services being used. A number of issues have though been identified, and these are included in the report for action.
- Housekeeping activities (backups & restores), External threat protection / procedures, and Business continuity were found to be adequate at a high level.
- The main areas identified for improvement are:
- There is no approved IT Security Policy.
- There is a need to ensure formal reviews of application users and access are regularly completed and evidenced.
- There is a need fully document the role and responsibilities with regard to application management / administration.
- It is important that an incident management process is established for breaches relating to IT legal requirements.
- A specific IT Asset Management policy should be drafted, agreed and signed off by key stakeholders.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. An IT Security Policy should be drafted and agreed by all key stakeholders. In addition to this the Council should identify an officer who has responsibility for IT Security related matters.	High (CP)	Agree. A proportionate ICT Security Policy will be drafted, aligned to existing controls and council risk, and approved through the appropriate governance route. ICT security accountability will be formally defined.	ICT Operations Manager	August 2026
2. The role of nominated application managers / administrators should be documented.	Medium (CP)	Agree. A standard role template will be defined for application ownership and administration responsibilities. This will be applied initially to priority systems and extended on a phased basis.	ICT Operations Manager	Initial implementation August 2026
3. Application users and access rights should be formally reviewed at least annually, or more frequently if user access is linked to significant activity e.g. system administrators / high level privileges. Reviews should be evidenced accordingly.	Medium (CP)	Agree in principle. A risk-based approach to application access reviews will be implemented, with higher-risk systems reviewed more frequently. Reviews will be evidenced using a consistent method.	Application owners (co-ordinated by ICT)	Approach agreed by July 2026. First review by October 2026.
4. Access logs should be re-introduced to record work undertaken in the computer room.	Low (SP)	Partially agree. Physical access to the computer room is already controlled and auditable via electronic access control and CCTV. These controls will be retained and evidenced, with significant works recorded through existing ICT records rather than introducing a manual log.	ICT Operations Manager	June 2026

5. A formal assessment should be made of the risk of water ingress to the computer room and appropriate measures should be taken to reduce the level of risk as necessary.	Medium (SP)	Agree. A documented environmental risk assessment for the computer room will be completed with Facilities, and proportionate mitigations agreed where necessary.	Property & Assets Service Manager / ICT Operations Manager	July 2026
6. A corporate incident management process for breaches relating to IT legal requirements should be drafted and agreed by all key stakeholders.	Medium (CP)	Agree. Existing breach arrangements will be consolidated into a documented corporate process covering IT-related legal and regulatory incidents, aligned with information governance and cyber response arrangements.	Performance & Information Service Manager	August 2026
7. Those undertaking changes should ensure testing evidence / sign offs relating to any changes made are included in the supporting HALO service desk call / record.	Low (SP)	A lightweight checklist will be embedded within the change process to prompt this, and periodic spot-checks will be undertaken by ICT management to confirm compliance.	ICT Operations Manager	May 2026
8. An IT asset management policy should be drafted and agreed by all key stakeholders.	High (SP)	Agree. A concise ICT Asset Management Policy will be developed, aligned to existing asset processes and tooling, and approved through governance.	ICT Operations Manager	October 2026
9. The process for the disposal / decommission of ICT assets should be agreed and documented.	High (CP)	Agree. A documented ICT asset disposal and decommissioning procedure will be implemented, including secure data removal and retention of appropriate assurance records.	ICT Operations Manager	September 2026
10. Steps should be taken to formalise the approach to capacity and performance management i.e. documenting threshold levels, reviewing these accordingly and the management of major fluctuations.	Medium (SP)	Agree. The existing approach to system monitoring, thresholds and escalation will be documented and reviewed periodically.	ICT Operations Manager	July 2026

11. Management should review how alerts are reported.	Medium (SP)	Agree. Alerting arrangements have been widened and will be documented to ensure appropriate coverage during absence.	ICT Operations Manager	June 2026
12. Core documentation relating to application configurations, application administration / management and user specific procedures should be developed. ICT and the Business Systems, Performance & Information Manager should co-ordinate this.	Medium	Agree. A minimum documentation standard will be established for priority ICT services and applications, covering system configuration, administration responsibilities and key operational procedures. Documentation will be developed on a risk-based and phased basis, focusing initially on critical and high-impact systems, and reviewed periodically for accuracy.	ICT Operations Manager / Performance & Information Service Manager	Standard agreed by June 2026 Priority systems documented by September 2026.
13. A policy relating to Remote Support and Electronic Data transfers should be drafted and agreed by all key stakeholders. In addition to the above corporate guidance should be drafted for those involved / undertaking such activity and documented processes developed accordingly.	High	Agree. A proportionate policy covering Remote Support and Electronic Data Transfer will be developed and approved, setting out approved methods, security requirements, supplier access expectations and record-keeping. Supporting guidance will be produced for officers undertaking or managing remote access or data transfers, aligned with existing information governance and cyber security controls.	ICT Operations Manager / Performance & Information Service Manager	July 2026

DEBTORS

REASONABLE ASSURANCE	
	A generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Key Findings

Areas of positive assurance identified during the audit:

- Policies and procedures are in place and updated on a regular basis or as required.
- Reconciliations between the debtors system and general ledger are completed and reviewed as expected.
- The suspense account is regularly reviewed and cleared.
- Invoices are raised promptly and in accordance with procedures.

TREASURY MANAGEMENT

REASONABLE ASSURANCE	
	A generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Key Findings

Areas of positive assurance identified during the audit:

- All five investments checked were processed and authorised in accordance with procedures.
- Reconciliations have been completed and reviewed as required.
- Access to the banking system is adequately controlled.

The main areas identified for improvement are:

- Updating the Treasury Management Practices document.
- The oversight of Finance system user access records

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. The Treasury Management Practices document is finalised and circulated to all relevant staff.	Medium (CP)	The aim is to have it finalised by June 2026 and going forward it will be reviewed annually as part of the Strategy process.	Finance Group Manager	June 2026
2. Finance system user records are periodically checked to maintain accuracy and ensure that access for all leavers has been deactivated as required.	Medium (CP)	Note that this is not a Treasury Management finding, it is the finance systems in general, as above, the Treasury Management systems access was correct. Re the observation: • Job titles – these are not held within Efinancials, as such, the finding in relation to job titles is as a result of an incorrect VLOOKUP when compiling the list requested for audit (combining Itrent information and Efinancials information). This is not a report that is used in finance and has not been produced previously. • Leavers - Emails are now sent to the finance systems inbox from HR and ICT to notify of any leavers which leads to users being deactivated in Efinancials. Previously these emails were sent to an individual and due to vacancies and role changes, these emails were not monitored for a short period of time and hence not actioned. Note that no leaver could action Efinancials as their access to Blaby ICT is revoked. • Duplicates - these are due to how users were set up by HBBC – each person had two lines – one for the link to Efinancials and one for the specific role – this is not the case going forward. • We are in the process of migrating to Financials which is a Saas solution and will replace Efinancials, as part of this transition, a full review of users will be undertaken. • A list of users will be extracted quarterly and reviewed to ensure that all leavers have been deactivated and records are accurate.	Business Systems Officer (HR and Finance)	July 2026

Appendix C

EXTENDED RECOMMENDATIONS AS AT 30 JUNE 2026

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	Due Date	1st Follow up comments	Extension Date
2024/25	Service Planning & Reporting	7.For each measure/ project a target, status and value is recorded to ensure that performance can be relevantly tracked, managed and monitored.	Medium	Priority 1 and 2 measures have meaningful targets and thresholds set so that they return a status. Prior to setting targets for P3-P5 measures the value, meaning and purpose of these measures must be reviewed.	Service Manager	Jan-26	February 2026 - agreement to extend due to further work to clear up data in iPlan and produce staff guidance.	Jul-26

Appendix D

2025/26 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position	Comments
Achievement of the Internal Audit Plan	0%	This is expected for the first quarter due to timings of audits and completion of the 2025/26 audit plan
Quarterly Progress Reports to Management Team and Audit and Standards Committee	Achieved for 2025/26 On track for 2026/27	
Follow up testing completed in month agreed in final report	Achieved for 2025/26 On track for 2026/27	
Annual Opinion Report	Achieved	2025/26 Annual Opinion to be presented to Audit and Corporate Governance Committee on 27 July 2026
95% Customer Satisfaction with the Internal Audit Service	Achieved for 2025/26	
Compliance with Global Internal Audit Standards in the UK Public Sector		EQA to be carried out during 2026/27
To provide an efficient and compliant audit service *, **Agreed actions are completed and result in the desired outcomes.		
• 100% of high priority	2025/26 100%	
• 90% of medium	2025/26 – 100%	

*This measure is not exclusively a reflection on the Internal Audit Service's performance.
**Whilst Internal Audit will track the implementation of agreed actions, management is responsible for completing the actions and ensuring that desired outcomes are achieved.