Internal Audit & Risk Management

Cambridgeshire County Council

Update report

As at 31st October 2025

Section 1

1 INTRODUCTION

1.1 A summary of the content of the key sections of this report is provided below, for reference:

SECTION 1: Introduction

SECTION 2: Internal Audit Reporting Process

SECTION 3: Finalised Assignments

SECTION 4: Summaries of Completed Audits with Limited or No Assurance

SECTION 5: Internal Audit Activity

SECTION 6: Audit Plan: 2025/26

SECTION 7: Follow Up of Agreed Audit Actions

SECTION 8: Risk Management

SECTION 9: Fraud and Corruption Update

SECTION 10: Key Financial Systems Update

ANNEX A: Internal Audit Plan Progress 2025/26

ANNEX B: Outstanding Agreed Actions

2 INTERNAL AUDIT REPORTING PROCESS

2.1 THE REPORTING PROCESS

2.1.1 This quarterly report provides stakeholders, including Audit & Accounts Committee and CLT, with a summary of internal audit activity for the 2025/26 financial year to date.

2.2 HOW INTERNAL CONTROL IS REVIEWED

2.2.1 There are three elements to each Internal Audit review. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to give an assurance on the control environment.

2.2.2 However, controls are not always complied with, which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

2.2.3 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

2.2.4 At the conclusion of each audit, Internal Audit assigns three opinions. The opinions will be:

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

2.2.5 The following definitions are currently in use:

	Compliance Assurance	**Control Environment Assurance**
Substantial Assurance	The control environment has substantially operated as intended although some minor errors may have been detected.	There are minimal control weaknesses that present very low risk to the control environment

Good Assurance	The control environment has largely operated as intended although some errors have been detected.	There are minor control weaknesses that present low risk to the control environment.
Moderate Assurance	The control environment has mainly operated as intended although errors have been detected.	There are control weaknesses that present a medium risk to the control environment.
Limited Assurance	The control environment has not operated as intended. Significant errors have been detected.	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment OR it has not been possible for Internal Audit to provide an assurance due to lack of available evidence.

2.2.6 Organisational impact is reported as major, moderate or minor. All reports with major organisation impacts are reported to CLT, along with the appropriate Directorate's agreed action plan.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

3 FINALISED ASSIGNMENTS

3.1 Since the last Internal Audit Progress Report in **July 2025**, the following audit assignments have reached completion, as set out below in Table 1.

Table 1: Finalised Assignments

No	Directorate	Audit Title	Assurance			Actions Agreed			
			System	Compliance	Org. Impact	Essential	High	Med.	Adv.
1.	Finance & Resources	Payroll (2024 – 5)	Moderate	Moderate	Minor	0	2	9	0
2.	Strategy & Partnerships	Projects Assurance Review	Moderate	Moderate	Moderate	0	2	5	5
3.	Adults, Health & Commissioning	Adult Social Care Complaints	Moderate	Moderate	Minor	0	4	5	2
4.	Finance & Resources	Capital Budgetary Control	Moderate	Moderate	Moderate	0	0	4	6
5.	Finance & Resources	Investment Properties	Limited	Moderate	Moderate	0	0	6	2
6.	Adults, Health & Commissioning	Case 148 – Direct Payments	Investigation Report Issued			0	0	4	6
7.	Children, Education & Families	Case 177 - Children's Social Care	Investigation Report Issued			0	0	1	2
8.	Children, Education & Families	Case 195 – Bank Mandate Fraud	Investigation Report Issued			0	2	11	1
9.	Children, Education & Families	Case 198 – International Payments	Investigation Report Issued			0	0	4	0

No	Directorate	Audit Title	Assurance	Actions Agreed
10.	Place & Sustainability	Pothole and Challenge Fund	Grant certification provided	
11.	Adults, Health & Commissioning	Disabled Facilities Grant	Grant certification provided	
12.	Children, Education & Families	Basic Needs Funding	Grant certification provided	
13.	Place & Sustainability	Local Transport Capital Block Funding	Grant certification provided	

3.2 Summaries of any finalised reports with limited or no assurance (excluding individual school audits) issued as final since our last Progress Report in July 2025 are provided in Section 4. Summaries of investigation reports are provided in Section 9.

3.3 The following audit assignments have reached draft report stage, as set out below in Table 2:

Table 2: Draft Reports

No	Directorate	Assignment
1.	Children, Education & Families	Quality Assurance in Children's Social Care
2.	Children, Education & Families	Granta School Audit
3.	Children, Education & Families	Holywell Primary School Audit
4.	Place & Sustainability	Highways Grants Briefing Note
5.	Children, Education & Families	Case 199 Investigation

3.4 Further information on work planned and in progress may be found in the Audit Plan, attached as Annex A.

4 SUMMARIES OF COMPLETED AUDITS WITH LIMITED OR NO ASSURANCE

4.1 INVESTMENT PROPERTIES

4.1.1 Cambridgeshire County Council holds a commercial investment property portfolio valued at £151M, comprising five assets acquired between 2018 and 2023. Internal Audit reviewed the governance, performance monitoring, and risk management arrangements supporting this portfolio. The audit resulted in a 'limited' assurance opinion on the system, reflecting areas where governance oversight, performance reporting, and statutory compliance verification could be strengthened. A 'moderate' assurance opinion was assigned for compliance, and a moderate organisational impact was noted, considering the financial and strategic implications of the identified gaps.

4.1.2 The review highlighted opportunities to enhance governance arrangements, as oversight responsibilities were fragmented, without a dedicated committee for investment property performance. Key decisions, including rent adjustments and lease variations, were often made reactively. Performance monitoring was based on a single KPI using forecasted gross returns, which did not fully reflect actual financial outcomes.

4.1.3 Investment metrics such as IRR (Internal Rate of Return) and ROI (Return on Investment) were reported in the Capital Strategy with no changes over three years, despite shifts in property values and income, limiting the usefulness of these metrics for strategic decision-making. Risk management processes would benefit from a centralised risk register and more consistent property-level assessments. Exit strategies for underperforming assets were not yet formalised. Financial reporting showed a variance between budgeted and actual net income, influenced by occupancy challenges and budgeting assumptions.

4.1.4 Oversight of statutory compliance was found to be inconsistent, with limited documented evidence of fire risk assessments or safety certifications from external property managers. This presents potential regulatory and reputational risks. Internal Audit made eight recommendations aimed at strengthening governance structures, refining KPI frameworks, recalculating investment metrics, formalising risk registers and exit strategies, and enhancing compliance verification. Management has accepted all recommendations and committed to actions including biannual reporting to the Assets and Procurement Committee, a review of the KPI framework, and development of centralised risk and exit strategy protocols.

5. INTERNAL AUDIT ACTIVITY

5.1 AUDIT PLAN PROGRESS 2025/6

5.1.1 Progress with delivery of the Audit Plan 2025/6 is provided at Annex A to this report.

5.2. INTERNAL AUDIT RESOURCE & RECRUITMENT

5.2.1 Since our last report to Committee, Internal Audit has welcomed two new Senior Auditors to the team, as well as a new Internal Audit Associate who will study the CIPFA chartered accountancy apprenticeship as part of the joint Finance/Internal Audit graduate scheme. We have also been joined by two new Finance Associates who are undertaking a year-long placement in Audit. This has impacted on the pace of work, especially in September when new colleagues have been undertaking training and induction; however it also means that the team is currently fully staffed, which is extremely positive.

5.3. EXTERNAL QUALITY ASSESSMENT

5.3.1 From 1st April 2025, the Internal Audit team at Cambridgeshire County Council has been subject to the new Global Internal Audit Standards (GIAS) in the UK Public Sector. At the meeting of the Audit & Accounts Committee in June 2026, a self-assessment of conformance with the new Standards was provided by the team.

5.3.2 Under GIAS Standard 8.4, in addition to annual self-assessments, an external quality assessment of conformance with GIAS must be performed at least once every five years by a qualified, independent assessor or assessment team. It was agreed that the team would also seek to arrange an External Quality Assessment to take place in Q4 of the 2025/6 financial year, to provide further independent assurance of conformance to the new Standards.

5.3.3 There are generally two options for conducting these assessments: commissioning an external assessment from a qualified provider, or undertaking a peer review conducted by a Head of Internal Audit of another local authority. This is permitted under GIAS in the UK public sector, providing the arrangement is not reciprocal (i.e. two Heads of Internal Audit cannot agree to assess one another's services), and some local authorities have formed wider groups with their respective Heads of Internal Audit carrying out external assessments within that group. In June, it was agreed to explore whether this model would work for Cambridgeshire County Council.

5.3.4 After careful consideration, the option of a peer review has been discounted for the current year. This is because the Head of Audit will have very limited capacity

to undertake a peer review at another authority in late 2025/26, due to expected leave in the team; additionally, given the high level of pressure already placed on delivery of the Audit Plan by the level of vacancy earlier in the year, it would not be prudent to further reduce the number of days available for delivery of the Cambridgeshire Internal Audit Plan.

5.3.5 An external assessment is therefore proposed as the preferred approach. Importantly, the cost of the external assessment can be funded in-year through vacancy savings accrued earlier in the year, meaning there will be no adverse impact on the budget. Three quotes have been obtained from appropriate providers, with the lowest cost option being £7,500 + VAT, offered by a local authority owned internal audit partnership with no prior links to Cambridgeshire County Council. The proposed assessment will therefore be undertaken by suitably qualified, independent individuals and will cover the following scope of work to provide assurance over the team's conformance with Global Internal Audit Standards in the UK Public Sector:

- Review of key documentation to understand processes, including audit planning; Committee reporting; internal audit reports; and a sample of working paper files from completed audits, incorporating evaluation of the internal audit function against the Global Internal Audit Standards in the UK Public Sector and considering the responsibilities and regulatory requirements of the internal audit function and Head of Internal Audit;

- Questionnaire to be sent to an appropriate range of stakeholders;

- Interviews with Chair of the Audit & Accounts Committee, Executive Directors and other key stakeholders;

- Regular meetings, including a presentation of key findings and recommendations to agreed recipients.

- Preparation of a written assessment presented in a report including recommendations and suggested enhancements for consideration.

5.3.6 It is proposed that the report with the outcomes of the external assessment will be shared with the Audit & Accounts Committee along with a proposed action plan to address any identified deficiencies or opportunities for improvement.

5.3.7 In line with the requirements of Global Internal Audit Standards, the Audit & Accounts Committee are requested to review and approve this proposal for an external quality assessment.

5.3 ADVICE & GUIDANCE:

5.3.1 Internal Audit also provide advice, guidance and support to the organisation on governance, assurance and related issues. This work is undertaken on an ad-hoc basis as and when required. Some of the key areas of support provided since the previous Progress Report include:

- Supporting responses to two Freedom of Information requests;

  Providing advice to colleagues in Commissioning relating to a complaint and Subject Access Request;

- Providing an analysis of the expenditure and payments on a Direct Payments account to support colleagues in social care undertaking mediation with a family regarding overspending on the account.

6. AUDIT PLAN: 2025/26

6.1 Core audit work is progressing in line with the agreed Audit Plan 2025/26. Progress on work underway is detailed at Annex A to this report.

6.2` At Cambridgeshire County Council, Internal Audit has recognised that the Annual Internal Audit Plan essentially comprises two key elements:

> The "Core" Audits: This is the part of the Plan which remains largely unchanged from year-to-year. It comprises key areas of assurance which are reviewed every year, such as Key Financial Systems, grant compliance audits, strategic risk management, and core governance reviews, as well as allowances of time for ongoing areas of work including reporting to the Audit Committee and senior management, and following-up on the implementation of agreed actions from previous audit reviews. However, it must be recognised that completion of these core audits alone would not give sufficient assurance to fully inform the Chief Audit Executive's annual opinion.
>
> The "Flexible" Audits: This is the part of the Plan which varies significantly from one year to the next, comprising audits of areas which are identified as being high-risk through the Internal Audit risk assessment process. Equally, the broader themes within the flexible audits remain largely consistent; for example, each year it is expected that a significant resource would be directed towards the audit of contracts, although the specific contracts under review varies according to the risk assessment.

6.3 In practice, this means that the 'core' element of the Plan is set annually, while the 'flexible' element is presented as a series of rolling quarterly Audit Plans, based on current risk assessments. Quarterly risk assessments ensure that the timing of planned audits is always actively informed by an up-to-date assessment of the areas of highest risk, and that the flexible plan is subject to regular challenge and comment by both CLT and the Audit and Accounts Committee.

6.4 Several amendments to the Internal Audit Plan for 2025/6 were made previously and reported to this Committee, due to time pressures created by the vacant Senior Auditor and trainee posts in the team; the staff sickness absences previously reported in the Annual Report; and also the high level of whistleblowing referrals received in the first quarter of the year (see Section 7, below). At the time of this report, no further amendments have been made to the flexible plan.

6.4 The flexible Internal Audit Plan for the next four quarters (Q3 2025/6 to Q2 2026/7) is presented below:

Proposed Flexible Audit Plan Q3 25/26:			**125**	Days
SEND Inspection	Children, Education & Families	Safeguarding	20	Review to follow up on the Council's response to the Ofsted SEND Inspection, to provide assurance that key actions are being implemented effectively.
Contract Management - Mental Health Section 75 Agreement	Adults Health & Commissioning	Procurement & Commissioning	25	Review of this major contract with an estimated annual value of £1.4m
Waste PFI	Place & Sustainability	Procurement & Commissioning	30	Review to provide assurance over the ongoing management of the Council's largest PFI contract.
Brokerage	Adults Health & Commissioning	Procurement & Commissioning	30	Review to provide assurance over the work of the Brokerage team in Adults Social Care.
Health & Safety in Place & Sustainability	Place & Sustainability	Safeguarding	20	Review of controls and compliance for key health and safety considerations in P&S Directorate, including how management obtains assurance that key controls are met
Proposed Flexible Audit Plan Q4 25/26:			**100**	Days
Local Government Reorganisation	Strategy & Partnerships	Project Management & Change	20	Review to provide assurance over the programme to implement the Council's response to Local Government Reorganisation.
Guided Busway	Place & Sustainability	Governance	30	Review to provide assurance over the controls in place to manage the operation and maintenance of the Guided Busway, including both in-house and contracted-out aspects of busway management and controls over health and safety.
Greater Cambridge Partnership Arrangements	Place & Sustainability	Governance	20	Review of Cambridgeshire County Council's relationship with the Greater Cambridge Partnership, with a focus on both governance and compliance with accountability arrangements.
Care Agency Contract Monitoring	Adults	Safeguarding	30	Review of the arrangements for monitoring care agencies who contract with the Council, with a focus on how the Council monitors agencies for compliance with safeguarding

				and health and safety requirements, as well as considering supplier resilience and continuity.
Proposed Flexible Audit Plan for Q1 26/27:			**155**	Days
Council Owned Companies	CCC	Governance	20	High level review of the governance of Council-owned companies and the operation of shareholder functions, to provide assurance that the risks associated with these companies are managed appropriately and in line with local partnerships guidance.
Projects Assurance (Capital)	Place & Sustainability	Project Management & Change	60	Review of a sample of key projects focuing on compliance with the corporate project management framework and the implementation of actions from the 2023/4 audit of Capital Project Governance.
Care Leavers	Children's	Safeguarding	25	A review focused around the services provided to care leavers including pathway planning, availability and effectiveness of support services and engagement of care leavers, to provide assurance following the service's ILACs inspection.
ICT Procurement	Finance & Resources	ICT and Information Governance	20	Review of ICT procurement function including commissioning, contract management, efficiencies etc.
Early Years Entitlements Funding	Children's	Finanial Governance	30	To provide assurance that robust and efficient processes are in place to ensure payments to Early Years providers are timely and accurate and there are appropriate controls in place to reduce the risk of fraud.
Proposed Flexible Audit Plan for Q2 26/27:			**150**	Days
Children's Social Care Complaints	Children's	Safeguarding	20	Review of processes to manage and respond to Children's Social Care Complaints to ensure that these are effective in identifying and responding to complaints effectively.
Inspection Programmes &	Finance & Resources	Value For Money	20	Review of Trading Standards service following disaggregation

Trading Standards				from Peterborough, to affirm value for money is achieved.
Prevent Duty	CCC	Governance	20	Review of the Council's compliance with its obligations to deliver the Prevent duty within the Counter-Terrorism and Security Act 2015 (CTSA 2015).
Quality Assurance in Adult Social Care	Adults	Safeguarding	20	Review of quality assurance arrangements in Adults; effective quality assurance is key to ensuring that key safeguarding risks are mitigated through appropriate monitoring of practice.
Contract Management - Minor Works Framework	Finance & Resources	Procurement & Commissioning	30	Review of Minor Works Framework contract with an estimated annual value of £8m.
Contract Management Policies & Compliance	Finance & Resources	Procurement & Commissioning	20	This would review contract management guidance and training available to managers in the organisation, and implementation of contract management processes.
Dedicated Schools Grant (DSG) Safety Valve (Projects Assurance)	Children's	Project Management & Change	20	Embedded assurance review of the Council's response to the DSG Safety Valve agreement including a review of progress with implementing planned actions and programme management. This review will follow up on the findings of the previous audit in 2023/24.

7. *FOLLOW UP OF AGREED AUDIT ACTIONS*

7.1 OVERVIEW OF FOLLOW UPS

7.1.1 The outstanding management actions from Internal Audit reports as at 31st October 2025 are summarised in table 7 below. This includes a comparison with the percentage implementation from the previous report (bracketed figures).

7.1.2 Internal Audit reporting on closed recommendations includes recommendations that have been closed in the previous 12 months as at the reporting date. This provides a more accurate comparator position regarding the implementation of recommendations and ensures that recommendations closed more than a year ago do not skew the statistics to give a falsely positive impression.

Table 7: Implementation of Recommendations

	Category 'Essential' recommendations		**Category 'High' recommendations**		**Category 'Medium' recommendations**		**Total**	
	Number	**% of total**	**Number**	**% of total**	**Number**	**% of total**	**Number**	**% of total**
Implemented	3 (4)	1.09% (1.51%)	47 (41)	17.09% (15.47%)	152 (137)	55.27% (51.70%	203 (182)	73.82% (68.68%)
Actions due within last 3 months, but not implemented	0 (0)	0.00% (0.00%)	6 (10)	2.18% (3.77%)	8 (22)	2.91% (8.30%)	14 (32)	5.09% (12.08%)
Actions due over 3 months ago, but not implemented	0 (0)	0.00% (0.00%)	12 (7)	4.36% (2.64%)	32 (26)	11.64% (9.81%)	44 (33)	16.00% (12.45%)
Actions due over 12 months ago, but not implemented	1 (1)	0.36% (0.38%)	2 (3)	0.73% (1.13%)	12 (14)	4.36% (5.28%)	15 (18)	5.43% (6.79%)
Totals	**4**		**67**		**204**		**276**	

7.1.3 There are currently 73 management actions outstanding, compared to 83 in the last reporting period. Further detail on outstanding actions is provided at Annex B.

7.1.4 Table 8 below shows the number of overdue recommendations in each directorate.

Table 8: Overdue Actions By Directorate

Directorate		Outstanding recommendations	Outstanding Recommendations (previous report)
Children, Education and Families.		6	10
Adults, Health and Commissioning		12	18
Place and Sustainability		10	15
Finance and Resources Directorate	*Key Financial Systems*	12	14
	Other	28	21
Strategy and Partnerships		5	5

7.1.5 The number of outstanding recommendations in Finance & Resources Directorate includes 14 recommendations from the Estates Health & Safey audit and 9 from the Payroll audit.

7.2 KEY UPATES

Overdue Recommendations:

7.2.1 There are 15 recommendations currently overdue by 12 months, which is 3 fewer than as at the last reporting cycle:

- There is one 'essential' level recommendation from the DSG Safety Valve review. The service has provided evidence that they believe that this action has been closed, however at the time of writing Internal Audit has yet to close the action as the evidence is not sufficient to demonstrate that the full requirements of the action have been met.
- Three are two 'high' level recommendations, both relate to the Capital Project Management audit.
  - One of these is a multi-faceted recommendation to review the capital project management framework, and is partially implemented, with only one of the 11 original sub-sections of the recommendation yet to be implemented.
  - The second recommendation from the Capital Project Management audit relates specifically to the Council's highways contract, regarding the completion of annual reconciliations based on actual cost data from the contractor. Internal Audit is in regular contact with the service in relation to progress of this recommendation.

- The remainder are 'medium' level recommendations, with the following actions particularly highlighted:
  - One of the 'medium' risk recommendations overdue by 12 months or more relates to the DSG Safety Valve Review

- Four are from the IT Incident & Problem Management audit. These were delayed due to the split from Peterborough City Council.
- One relates to Debt Recovery, which is two years overdue and related to amending the debt write off process. Following a trial of the new write-off process at West Northamptonshire, this has been delayed due to extended testing for the ERP Cloud Upgrade.
- One action from the Insurance Fund Audit related to developing a new claims handling manual and is two years overdue.
- Another action overdue by two years is from the DSG - High Needs Block Demand Management audit. This relates to implementing a training package on conducting annual review meetings and amending Education, Health and Care Plans.

8.0 *RISK MANAGEMENT*

8.1 Please see the Corporate Risk Register report which is presented as part of the wider set of papers to Audit & Accounts Committee, for a full update on risk management activity.

9 FRAUD AND CORRUPTION UPDATE

9.1 WHISTLEBLOWING & FRAUD INVESTIGATIONS 2025/26

9.1.1 The current Internal Audit caseload of investigations is summarised below in Table 9. As at the 31st October 2025, Internal Audit has received 31 whistleblowing referrals in the 2025/26 financial year; this is a significant increase on the number of referrals received by the same point in 2024/25 (19 cases) and represents a high caseload for the team. For comparison, 36 referrals were made in the entirety of the 2024/5 financial year. This is creating a pressure for the team.

9.1.2 One case was carried forward from 2023/24. A draft report was issued with agreed actions, and following further review, a final report with recommendations was issued on 31st October 2025. The case is now closed. A total of 16 cases were carried forward from 2024/25, and 11 of these were closed by 31st October 2025

Table 9. Current Internal Audit Whistleblowing & Investigations Caseload

Open Cases From 2023/24 *Carried Forward*		**Open**	**Closed**	**Total**
Fraud and Theft	Direct Payments	0	1	1
Total		**0**	**1**	**1**
Open Cases From 2024/25 *Carried Forward*		**Open**	**Closed**	**Total**
Fraud and Theft	Council Officer Fraud	2	2	4
	Direct Payments	0	2	2
Grievance/Bullying	Conduct/Grievance	0	1	1
Governance	Internal Governance Issue	3	3	6
Safeguarding and Health & Safety	Safeguarding	0	2	2
	Health and Safety	0	1	1
Total		**5**	**11**	**16**
All Cases Reported in 2025/26 *To Date*		**Open**	**Closed**	**Total**
Fraud and Theft	Bank Mandate Fraud	2	1	3
	Council Officer Fraud	3	2	5
	Theft	0	1	1
	Third Party Fraud	1	1	2
	Cyber Fraud	1	0	1
Grievance/Bullying	Conduct/Grievance	1	3	4
	Care Provider	1	0	1
Governance	Internal Governance Issue	3	1	4
	Schools governance	1	0	1
	Complaints	0	2	2

	Conflict of Interest	1	0	1
	Care provider	0	1	1
Safeguarding and Health & Safety	Safeguarding	0	2	2
External issues	Not related to CCC	0	3	3
Total		**14**	**17**	**31**

9.1.3 It should be noted that the Internal Audit team records all whistleblowing referrals we receive; however Internal Audit normally act as the investigating service only for referrals relating to theft, fraud, corruption and governance concerns. Where whistleblowing referrals relate to e.g. safeguarding or HR issues, the referrals are passed on to the appropriate service to investigate and respond.

9.1.4 Summaries of the current open whistleblowing and investigation cases are provided below:

- **Internal Governance (6 open cases)** - Internal Audit is currently handling seven open cases related to internal governance concern including financial management procurement compliance, conflict of interest, and operational oversight. Examples include issues in financial controls, team compliance with corporate controls, and salary overpayments. Full audit investigations are underway, with liaison across services to address control weaknesses.

- **Bank Mandate Fraud (2 open cases) -** These cases involve attempted fraudulent changes to bank details affecting suppliers and schools. Internal Audit is reviewing processes and advising on control improvements. No financial losses have occurred in these cases, but investigations continue to ensure system resilience.

- **Third Party Fraud (1 open cases)** - Internal Audit is currently investigating 1 case of alleged fraud by a third party, involving a school. Internal Audit is coordinating with the school to confirm outcomes and assess any breaches.

- **Council Officer Fraud (5 open cases)** -There are currently five open cases involving allegations of possible fraud by council employees. Allegations include dual working while on sick leave, undeclared employment, misuse of council resources, and identity concerns. Investigations are being conducted collaboratively through audit and HR processes.

- **Conduct/Grievance (2 open cases)** – Two open cases are linked to employee conduct and behaviour. These include staff behaviour and bullying concerns, one involving a care provider and another within social care services. Investigations are being handled via HR and service review processes.

- **Cyber Fraud (1 open case) -** A school email and online account were compromised, resulting in a fraudulent purchase. Internal Audit has advised on

reporting to police and insurance and is reviewing the case to consider recommendations.

- **Conflict of Interest (1 open case) -** A manager is alleged to have failed to declare a conflict of interest in their role. A full audit investigation is underway to determine process integrity and potential manipulation.

- **School Governance Allegation (1 open case)** – Concerns have been raised regarding the recruitment process and whistleblower treatment at a school. Internal Audit is following up with the school to ensure transparency and appropriate handling.

9.2 WHISTLEBLOWING CASES CLOSED

9.2.1 The following cases have been closed by Internal Audit since the last reporting date. Summaries of the reasons for closure are outlined below.

9.2.2 *Case 148 : Direct Payment Fraud Concerns:*

Concerns were raised about a Direct Payment made to an individual who was supposedly housebound and severely disabled. The individual avoided contact with their designated social worker for a number of months, and subsequently was found to have been arrested by the police in circumstances which cast significant doubt on whether the individual was in fact substantially disabled and eligible to claim a Direct Payment. The individual also failed to notify the Council when they were sentenced to a period in prison, during which time they were not eligible for a Direct Payment.

A full audit investigation was conducted and the evidence was referred to Cambridgeshire Police; however the police investigation was subsequently closed as there was insufficient evidence to proceed with a prosecution after a key witness declined to make a statement. A full audit report was issued on 31st October 2025 with a number of recommendations to further strengthen Council systems, and the case is now closed.

9.2.3 *Case 178 : School Health and Safety Concerns:*

A whistleblower raised concerns about health and safety matters at a primary school. The concerns were referred to the health and safety team, who completed an audit and issued an action plan. The school has appointed a senior mental health lead with appropriate training and a well-being questionnaire has been rolled out. No new concerns have been raised since the audit. The case is closed, with HR continuing to monitor progress.

9.2.4 *Case 186 : Independent School Concerns:*

Concerns raised about an Independent School regarding culture, response to whistleblowing, staffing levels and failure to report incidents. Peterborough Council led the investigation with support from Cambridgeshire's Commissioning Service. An independent investigator reviewed the concerns and made recommendations. The provider has been visited by commissioning staff and actions have been agreed, including a new governing body, new code of conduct and staff well-being measures. While some concerns will continue to be monitored with the follow up visit planned, the primary concerns have been addressed, and the case is closed.

9.2.5 *Case 195 : Bank Mandate Fraud:*

In April 2025, Cambridgeshire County Council was subject to a bank mandate fraud involving a contracted hom-to-school transport supplier. In early 2025, a fraudster gained access to the supplier's business email account, and used this account access as well as spoofed email addresses to submit falsified documents and request a change to the supplier bank details. As a result, four payments were diverted to the fraudster's bank account before the supplier queried the missing payments in May 2025. Following discovery of the fraud, the Council took immediate steps to disable the supplier bank account. Unfortunately, by this time the funds had been lost, and subsequent investigation by Cambridgeshire Police confirmed the suspected fraudster had left the country.

As well as supporting the police investigation and the internal response to the fraud, Internal Audit conducted a full investigation and identified three critical failures which allowed this fraud to proceed:

- Firstly, the initial compromise of the supplier's business email account;

- Subsequently, the supplier disclosed sensitive banking information to the fraudster, who was using a 'spoofed' email account pretending to be the Council's education finance team;

- Finally, an officer within the Supplier Maintenance team who was charged with conducting the Council's process for verifying changes of bank details, recorded on the Bank Verification Checklist that they had telephoned the supplier and spoken to the owner to verify the change of bank details. It was subsequently identified that the officer had not in fact done this. This is a crucial control and had it been complied with, it is highly likely that the fraud would have been identified and stopped. This act of gross misconduct in falsifying the checklist allowed the bank details change to proceed.

The investigation also identified some other opportunities to further strengthen existing controls and enhance officer awareness of fraud and phishing red flags as well as vigilance around data breaches. The Supplier Maintenance team have already identified and implemented additional controls to strengthen the bank verification process and ensure this is effective, even in the rare event of serious misconduct by a member of staff. This includes implementing a new 'contact

centre' approach whereby calls will be recorded and senior managers can undertake sample checks to verify that telephone calls have been made as recorded, and requiring a senior member of staff to make a second telephone call to the supplier in the event that a 'confirmation of payee' check is not passed.

A claim has been submitted to the Council's insurers, and negotiations are ongoing with the supplier regarding shared liability for the lost funds. Additionally, following an internal disciplinary process, the officer who falsified the Bank Verification Checklist was dismissed from their position. In total, Internal Audit have made two 'high', twelve 'medium' and one 'advisory' recommendations to improve internal control following the investigation.

9.2.6 *Case 196: Care Provider Safeguarding Concerns:*

An anonymous concern was raised regarding a care provider involving serious allegations of sexual abuse between residents, chronic understaffing and suspected modern slavery. The MASH (Multi-Agency Safeguarding Hub) team conducted an Organisational Safeguarding review following an information gathering processes and internal investigation by the care provider. No evidence was found to support the allegations. Actions were taken to review care plans, reinforce safeguarding procedures, and monitor residents involved.

9.2.7 *Case 198: International Payments Concerns:*

In June 2025, a Schools Finance Business Partner contacted the Internal Audit team to alert the team to the fact that two Cambridgeshire schools had both reported receiving contact from the Public Sector & Charities team at NatWest Bank, with queries regarding payments. In both instances the queries related to payments due to be made in a foreign currency to a non-UK account with the same named beneficiary in both cases. In both instances NatWest stated that they had placed the payments on hold since the purpose of the remittance was not clear. Neither school had any knowledge of the payments and there was a concern that this may have been some form of attempted bank mandate fraud targeted to Cambridgeshire schools.

After some investigation it transpired that neither payment related to schools bank accounts at all. Individuals within Natwest had approached schools contacts rather than central Cambridgeshire County Council contacts in error, and in fact the payments were due to be made from the Council's main bank account. The Council's Treasury team confirmed that these were legitimate payments initiated and authorised from within the Council's Fostering service. This related to an instance where non-UK national grandparents stepped in to provide emergency temporary foster care to children during an investigation.

The investigation into this by Internal Audit identified several weaknesses in the Council's processes for initiating and approving international payments, likely due to the fact that this is a rare occurrence. Internal Audit issued four formal

recommendations to ensure that the Council conducts enhanced due diligence on any international payments and that these require approval from a suitable senior manager, as well as ensuring that all current arrangements for international payments are reviewed. The Council's Finance team have already issued a new guidance procedure for officers regarding international payments, to address the findings of the review.

9.2.8 *Case 201: Officer Relationship Concerns:*

Concerns were raised that an officer had allegedly developed an inappropriate relationship with a service user's family member that went beyond professional boundaries. Internal Audit and HR investigated and concluded there was no case to answer. The line manager confirmed there were no safeguarding concerns or conduct issues warranting formal investigation. The team manager resolved the matter with the officer and advised the whistleblower of the outcome.

9.2.9 *Case 203: Adult Services Payment Arrangement Concerns:*

Concerns were raised regarding a worker in Adults services who, while completing day-to-day care calls, was allegedly also being paid for private work and receiving hourly payment for visits to an elderly individual. The allegation included that the worker's family members were also involved in care arrangements, including sleeping at the individual's house. On investigation, this was an informal caring arrangement with a family friend, rather than a Council service user, and was taking place outside of work hours. The service identified additional appropriate safeguards to put in place, which have been agreed with the Head of HR Advisory.

9.2.10 *Case 204: Household Support Fund Concerns:*

An individual raised a range of concerns, including alleged misuse of the Household Support Fund and misconduct of a worker in Children's Services. On review, it was confirmed this should be dealt with as a service complaint rather than whistleblowing, as the core issues related to concerns about the individual's personal experience of service delivery.[1] This was communicated to the individual and the concerns were referred to the Council's complaints process and addressed through this process.

9.2.11 *Case 208 : GPC Card Transaction Error:*

[1] N.B. as a general rule, issues are classed as whistleblowing where they are reported in the public interest with the intention of stopping wrongdoing, harm or illegal activity which affects other people (e.g. other employees, service users or the wider public). Where concerns relate specifically to issues regarding the personal treatment an individual has received from the Council, these are most appropriately handled through the Complaints process (where the individual raising the concerns is not an employee) or the Resolving Workplace Concerns / Respect At Work policies (for employees raising concerns about working conditions or issues such as bullying or harassment in the workplace). Individuals are able to raise any form of concern via the Council's corporate Whistleblowing service, and referrals are triaged by the Internal Audit team and referred to the correct process (with consent of the whistleblower) or advice provided regarding how best to raise the concern.

A staff member mistakenly used their council-issued credit card for a personal purchase and self-reported the error shortly after it occurred. Internal Audit reviewed the matter and advised the service on appropriate next steps, including issuing a reminder to the staff member and directing them to contact the GPC team for repayment. Details were shared with HR for awareness.

9.2.12 *Case 210 : Employment Experience Concerns:*

Concerns were raised about treatment received from HR colleagues during a formal employment process, including allegations of discrimination, harassment and victimisation. On review, it was confirmed the concerns did not fall within the remit of the Whistleblowing Policy as they specifically related to an individual's personal experiences. The individual was advised to take their concerns forward via the Complaints procedure and directed to ACAS for further support and advice.

9.2.13 *Case 212 : Support Worker Workload Concerns:*

Concerns were raised regarding a support worker in Adults Social Care being assigned calls which they felt were excessive and regularly working beyond contracted hours. As these concerns relate to the individual's personal experiences as an employee, they fall under the Resolving Workplace Concerns policy rather than the Whistleblowing Policy in the first instance. The individual was signposted to this policy and advised how best to raise the concerns to have them addressed appropriately. The individual was also signposted to the Employee Assistance Programme.

9.2.14 *Case 213 : Home Care Provider Concerns:*

A range of concerns were raised anonymously about a home care provider regarding cooperate ownership structure, failure to deliver contracted care time, dual PAYE/ self-employment payment structure for workers and allegations of insider influence. The concerns were reviewed by colleagues in commissioning, and the provider was subject to a full monitoring visit in March 2025 with positive outcomes. Given the generic nature of some concerns and aspects that appeared factually inaccurate, as well as the assurance provided by the recent monitoring visit and ongoing supplier monitoring processes, it was agreed to close the investigation with no further action.

9.2.15 *Case 215 : Bus Pass Application Concerns:*

An care provider applied for a Disabled Person's bus pass on behalf of an individual and indicated on the form that the individual was unable to drive as a result of persistent drugs/alcohol misuse. This resulted in the application being rejected, as the national bus pass scheme specifically excludes award of a bus pass in these circumstances. When this was communicated to the employee at the care provider, they suggested they would resubmit the application without this box

being ticked, and this resulted in concerns being raised about possible fraudulent applications from the provider.

Responsibility for the English National Concessionary Travel Scheme (ENCTS) rests with the combined authority (CPCA). CPCA confirmed that any potential fraud concerns in this area should be escalated via their internal audit team. As the scheme is administered within the Council, Cambridgeshire's Internal Audit concluded there was no evidence of actual fraud having taken place, and the issue was also referred to CPCA to consider any further work needed.

9.2.16 Case 216 : Planning Application Concerns:

A member of the public raised concerns regarding a Definitive Map Modification Order (DMMO), alleging that the applicant supported their application with fraudulent information and that the Council did not scrutinise this sufficiently, as well as concerns about timelines and clarity regarding documents around the DMMO which were provided by the Council. On review, it was determined the concerns related to the personal experience of the individual with the service they had received, and as such should be handled through the corporate Complaints process, rather than the Whistleblowing Policy. Internal Audit corresponded with the individual and advised this is best raised as a complaint, offering to raise it directly if desired.

Additional information on the DMMO process was also provided to clarify that in this instance, the Planning Inspectorate would be ruling on the DMMO as objections to the DMMO had been received, and as such any concerns that the applicant had provided inaccurate or fraudulent information could be raised with the Planning Inspectorate.

9.3 NATIONAL FRAUD INITIATIVE (NFI)

9.3.1 The NFI is a statutory exercise led by the Cabinet Office, which compares different data sets provided nationally by local authorities and partner organisations, for the purpose of detecting and preventing fraud. The NFI works on a two-yearly cycle, and data matches which indicate a possibility of fraud in Cambridgeshire are returned to the Local Authority for investigation.

9.3.2 A new NFI exercise commenced data collection in October 2024. Adult Social Care datasets were not collected in the first round of data matching. Following various changes in the proposed national dates for collecting this data, these datasets will now be uploaded onto the NFI portal in November 2025. This will provide the Council with additional data matches, increasing the Council's ability to detect any fraud or errors within direct payments and residential care arrangements.

9.3.3 Matches were released from the first round of data matching on the 20th December 2024. The total number of matches for CCC as at December 2024 was 9,329

across 38 reports which have a high or medium risk rating, depending on the nature of the data. As at October 2025, 1998 matches have been reviewed and cleared, resulting in £5,715.24 identified to recover. This sum relates to pension payments made to a deceased person; the Pension Team Leader (West Northamptonshire) is progressing these cases. The purpose of the match is to identify instances where an occupational pensioner has died but the pension is still being paid.

10 *KEY FINANCIAL SYSTEMS UPDATE*

10.1 2024/5 KEY FINANCIAL SYSTEMS AUDITS

10.1.1 A paper on the approach and scope for the 2024/5 audits of key financial systems via the Lead Authority model was approved by the Lead Authority Board in October 2024. It was agreed that the Cambridgeshire Internal Audit Team would undertake the Payroll and Debt Recovery shared service audits. These audits have now been issued as final. The Payroll report gave moderate assurance over the system and compliance with a minor organisational impact, and the Debt Recovery report gave good assurance over the system and compliance with a moderate organisational impact.

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10.1.2 The Income Processing audits to be undertaken by the West Northamptonshire audit team is underway but has not reached draft report stage

10.2 2025/6 KEY FINANCIAL SYSTEMS AUDITS

10.2.1 The Heads of Internal Audit for the Lead Authorities met in June to discuss the programme of work for 2025/6. It was subsequently agreed by the Lead Authority Board that this will be in line with the work carried out in 2024/5, with the same authorities completing each review.

10.2.2 In addition to the audits of the shared services key financial systems, the Cambridgeshire Internal Audit team is currently undertaking reviews of the General Ledger and Bank Reconciliation systems for Cambridgeshire County Council as part of the 2025/26 audit plan.

10.2.3 Work on delivering the Pension Fund Audit Plan has also commenced for 2025/6, with an audit of risk management close to completion. A review of cash and treasury management will be the next Pensions audit to be delivered.