

# Internal Audit & Risk Management

Cambridgeshire County Council

*Update report*

*As at 31<sup>st</sup> January 2026*

*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:

	<b>Compliance Assurance</b>	<b>Control Environment Assurance</b>
<b>Substantial Assurance</b>	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

<b>Good Assurance</b>	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.
<b>Moderate Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>No Assurance</b>	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.

<b>Organisational Impact</b>	
<b>Level</b>	<b>Definitions</b>
<b>Major</b>	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
<b>Moderate</b>	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
<b>Minor</b>	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 **November 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.	Children, Education & Families	Quality Assurance in Children's Social Care	Moderate	Moderate	Minor	0	0	6	2
2.	Office of the Chief Executive	Response to Health & Safety Incidents	Limited	Good	Minor	0	3	3	6
3.	Children, Education & Families	Over Primary School	Limited	Moderate	N/A	Not Applicable (Schools Financial Governance Audit)			
4.	Children, Education & Families	Case 199 Investigation	Investigation report provided			0	4	0	0
5.	Adults, Health & Commissioning	Case 179 Investigation	Investigation report provided			0	0	0	1
6.	Place & Sustainability	Highways Grants Briefing Note	Briefing note report provided			0	0	2	1

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 November 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**

<b>No</b>	<b>Directorate</b>	<b>Assignment</b>
1.	Adults, Health & Commissioning	Social Care Debt Management
2.	Adults, Health & Commissioning	Investigation - Case 174
3.	Finance and Resources	Investigation – Case 183
4.	Adults, Health & Commissioning	Investigation – Case 209
5.	Finance and Resources	General Ledger 2025/26
6.	Pension Fund	Pension Fund Risk Management
7.	Children, Education & Families	Holywell Primary School Audit
8.	Children, Education & Families	Mayfield Primary School Audit
9.	Children, Education & Families	Thorndown Primary School Audit
10.	Children, Education & Families	St Helen’s Primary School Audit
11.	Children, Education & Families	Lionel Walden Primary School Audit

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 Response to Health and Safety Incidents

- 4.1.1 The assurance provided for the system design was 'limited', and assurance over compliance was 'moderate'. The Council has established and communicated health and safety Incident Reporting Guidance for officers which covers legal requirements, and details roles and responsibilities for incident reporting to the Corporate Health & Safety Team via an online form, who record all incidents in a database. However, the key finding from the audit was that there is no centralised system to track, monitor and report on the implementation of actions required following a health and safety incident. While the Health and Safety at Work etc. Act 1974 (HSWA) does not explicitly mandate that a centralised system is required, these responsibilities are implied through the HSWA general duties and supporting HSE guidance.
- 4.1.2 The audit noted that there was no centralised system to provide corporate assurance that actions to address high-risk incidents have been implemented in a timely way, and are effective in addressing the hazards/risks which caused incidents. While detailed reporting on health and safety incidents to senior management is in place, this did not include information on actions taken to address the root cause of hazards and incidents; responsibility for doing so is heavily devolved to service management and not followed up corporately. If hazards/risks are not addressed, there is a risk that similar or more severe incidents may occur, and the Council is exposed to the risk of enforcement notices, fines, or prosecution. As such, Internal Audit recommended that there is a need for a more centralised system, to provide assurance that local responses to health and safety incidents are effective and timely.
- 4.1.4 In addition to the above, Internal Audit made recommendations regarding other system controls that should be strengthened, particularly the need for more guidance for managers on deciding whether/when an investigation into a health and safety incident is needed and how to plan, undertake, and record the outcomes; a need for more detailed guidance to ensure that contractors inform CCC of any incidents that occur while they are undertaking work on behalf of the council; and a system to provide assurance that local incident logs are in place where they are required.

## 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 In January the team welcomed an Interim Deputy Head of Internal Audit, who is providing cover while our Deputy Head of Internal Audit is on maternity leave.

5.2.2 The team are also delighted to report that all colleagues within Internal Audit & Risk Management who sat Chartered Institute of Public Finance Accountancy exams in December have passed. In particular, we would like to congratulate three members of the team who have passed their final CIPFA exams, and are now applying for full membership of the Institute and formal designation as Chartered Public Finance Accountants. This represents a significant personal achievement for these colleagues. It also demonstrates the team's commitment to Global Internal Audit Standards 3.1 "Competency" and 3.2 "Continuing Professional Development".

### 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:

- Ensuring that the Council's new Feedback Policy and associated management training clearly delineate the difference between a complaint and a whistleblowing.
- Supporting the corporate response to several requests made under Freedom of Information or Environmental Information Regulations.
- Supporting with the provision of information to the Department for Education as part of the Dedicated Schools Grant (DSG) Chief Finance Officer's Assurance Statement 2024 to 2025.

## 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 in July 2025 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).

6.5 Since the previous report in November 2025, two further audits have been deferred to the 2026/7 financial year. Firstly, the audit of Local Government Reorganisation (LGR) is deferred to the first quarter of the 2026/7 financial year. This is because the structures in place to deliver LGR at Cambridgeshire are currently in the process of being re-shaped, and audit work will be able to provide more constructive assurance once the new operating framework is in place. Work is underway to agree an approach to completing this audit, which is likely to be a review of progress against the LGR preparatory activities approach recommended

by the Ministry of Housing, Communities and Local Government, to take place in April/May 2026 once work to deliver these activities is underway. The Internal Audit & Risk Management team has supported risk management activity for the officer and Member LGR Working Groups and maintained close contact with the Working Groups throughout 2025/6 to date, and as such there is an existing level of assurance regarding project activity within the Internal Audit team. Secondly, the audit of the Greater Cambridge Partnership has also been deferred with the intention to review in early 2026/7. This is due to additional time needing to be allocated to ongoing audits of the Council's Highways Contract, Best Value and This Land Ltd, which have required substantially more resource than initially anticipated. As the Greater Cambridge Partnership review has a lower risk rating than other reviews yet to start in the 2025/6 Audit Plan, it is most appropriate that this review be deferred.

- 6.6 The flexible Internal Audit Plan for the next financial year is currently under development, in conjunction with members of the Council's senior management team, and will be presented for discussion at the next meeting of the Audit & Accounts Committee.

## 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 January 2026 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
<b>Implemented</b>	1 (4)	0.42% (1.47%)	33 (47)	13.98% (17.09%)	115 (152)	48.73% (56.27%)	149 (203)	63.14% (73.82%)
<b>Actions due within last 3 months, but not implemented</b>	0 (0)	0.00% (0.00%)	2 (6)	0.85% (2.18%)	19 (8)	8.05% (2.91%)	21 (14)	8.90% (5.09%)
<b>Actions due over 3 months ago, but not implemented</b>	0 (0)	0.00% (0.00%)	18 (12)	7.63% (4.36%)	33 (32)	13.98% (11.64%)	51 (44)	21.61% (16.00%)
<b>Actions due over 12 months ago, but not implemented</b>	1 (1)	0.42% (0.36%)	3 (2)	1.27% (0.73%)	11 (12)	4.66% (4.36%)	15 (15)	6.36% (5.09%)
<b>Totals</b>	<b>2</b>		<b>56</b>		<b>178</b>		<b>236</b>	

7.1.3 There are currently 87 management actions outstanding, compared to 72 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. The format of this table has been revised as requested to show the movement in actions for each directorate since the previous report in November 2025.

**Table 8: Overdue Actions By Directorate**

Directorate	Overdue	Overdue (at previous report)	Closed (since last report)	New actions due (since last report)
<b>Children, Education &amp; Families.</b>	12	5	-7	+14
<b>Adults, Health &amp; Commissioning</b>	17	12	-1	+6
<b>Place and Sustainability</b>	6	10	-5	1
<b>Finance &amp; Resources Directorate (inc. key financial systems)</b>	48	40	-10	+18
<b>Office of the CEX</b>	4	5	-6	+5

7.1.5 The number of outstanding recommendations in Finance & Resources Directorate includes 13 Key Financial Systems recommendations (9 of which are from the Payroll audit) and 14 recommendations from the Estates Health & Safety audit.

7.1.6 Internal Audit also highlight that late in the current reporting cycle, it was identified that 5 recommendations that had been assigned to Children, Education & Families were assigned in error to the wrong directorate, and have since been reallocated to Finance & Resources. This may have impacted on the ability of Finance & Resources to provide updates on these five actions.

## 7.2 KEY UPDATES

### *Essential Recommendation Overdue:*

7.2.1 There is one outstanding essential recommendation from the DSG Safety Valve Audit. This recommendation is more than a year overdue and requires the service to make key amendments to the action plan (now the Inclusion for All Framework) to demonstrate how the service plans to fully meet the conditions of the Safety Valve Agreement with the DfE. The service informed Audit that the action plan was agreed in conjunction with the DfE and NHS England in June 2025 and published on the CCC website in July 2025. In addition, two meetings are taking place between the Council and DfE in February 2026 as part of six-monthly monitoring of the Area SEND Action Plan and as part of the government preparations for national SEND reforms. The essential recommendation originally consisted of

three elements, however the first element surrounding data accuracy, and establishing measurable aims to ensure accurate monitoring of actions has since been closed. The two remaining elements remain open:

- The first part of the recommendation still open, concerns the establishing of SMART targets, implementing a formal prioritisation of actions and an interdependency log for actions within the action plan agreed with the DfE. This recommendation has been partly implemented but Audit is liaising with the service to ensure there is sufficient detail in the plan to fully meet the requirements of the recommendation and sufficiently mitigate the current financial risks.
- The second element that remains open relates to identifying interdependencies between actions on the progress timeline of the action plan agreed with the DfE, to mitigate the risk of unexpected delays, and to report fully and clearly on delays that may occur. This has been partially implemented and Audit is in regular contact with the service regarding the full implementation of this action.

*Highly Overdue Actions:*

7.2.2 There is one recommendation overdue by more than three years. In such instances, management and Members should note that in practice, management have accepted the risk associated with not implementing these actions:

- Dedicated Schools Grant (DSG) High Needs Block Demand Management Audit: This action 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, to be issued to schools and special educational needs coordinators (SENCO), in order to ensure that Annual Reviews meet requirements. This action aims to reduce the risk of incomplete or inadequate Annual Reviews and associated EHCP amendments being completed by schools, which then increases the amount of resource required for a CCC casework officer to amend the EHCP and communicate with the school.

The service has informed Audit that confirmation of completion of this action can be provided once the new annual review and quality assurance process has been rolled out, and the revised approach to EHCP assessment and review has been introduced, linked to the Inclusion for All framework implementation, in the spring term of 2026. Audit will continue to liaise with the service to obtain updates on the progress of completion of this action up until the new revised due date, and the service have indicated that they intend to implement the action, with a new target date for completion of 31<sup>st</sup> July 2026.

Given the amount of time that has elapsed without implementation, it should be noted that the risk has effectively been accepted by the service. The Executive Director: Children, Education & Families provided the following additional context for this action and the service's view that the associated risk has reduced since the audit was undertaken: *"In acknowledgement of the length of time taken to complete this action, it is worth noting that the world of SEND has changed considerably since this action was agreed. The training package will still be rolled out as agreed; however, the demand for SEND has grown rapidly since this time. Most schools provide good quality information for the annual review process, and this is no longer the area of greatest focus for improvement, although it remains important. The annual review backlog has been part of a focused piece of work which has seen significant reductions over recent months. The SEND Executive Board has representation from across the Local Area Inclusion Partnership and this has a clear plan for improvement across SEND through Inclusion for All. These groups were not established at the time of this audit and there is now much stronger, reshaped governance over SEND and a strong partnership approach to improvement."*

*Actions Overdue by More than 12 months:*

7.2.3 There are 15 recommendations currently overdue by 12 months, which is the same as at the last reporting cycle (please note, this figure includes the actions outlined at 7.2.2, above):

- Three are three 'high' level recommendations, two of which 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 third high level recommendation relates to the Highways Grants Briefing note, which requires all services in Highways to record time spent on projects to allow for accurate staff cost allocation to projects.
- 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. This recommendation requires the new information system to be implemented, in order for status reports

for the action plan to be updated with detailed qualitative data. Implementation of the information system is due to take place in June 2026 therefore this action can be closed once system implementation has occurred and reports begin to be generated.

- Four are from the IT Incident & Problem Management audit. These were originally delayed due to the split from Peterborough City Council. Officers have provided updates suggesting these actions were implemented but Internal Audit's review concluded further work is needed to fully implement these actions.
- 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.

## 8.0 *RISK MANAGEMENT*

### 8.1 OVERVIEW:

8.1.1 Effective risk management remains a critical component of the Council's governance and assurance framework, ensuring that principal uncertainties are identified, assessed, and managed in a timely and proportionate manner. The Council continues to strengthen its approach by regularly reviewing and updating risk registers at both the corporate and directorate levels, in line with statutory requirements and evolving operational challenges. This ongoing process supports informed decision-making, enhances strategic planning, and ensures robust oversight of risks across all service areas. Regular updates to the Corporate Risk Register, alongside directorate-level registers, reflect the organisation's commitment to maintaining a sound system of internal control and responding proactively to emerging risks, as outlined in the current reporting cycle.

8.1.2 During this reporting period, the Council has noted a positive shift in the scoring of Risk 7: "Risk of failure to deliver key Council services." The residual risk score has decreased from 10 to 8, reflecting improvements in the stability and resilience of key service areas. Further detail will be provided in the next Corporate Risk Register report to Strategy, Resources & Performance Committee.

### 8.2 NEW RISKS ON CORPORATE RISK REGISTER

8.2.1 A significant development in this cycle is the escalation of Risk 15, "Non-delivery of SEND statutory timelines, financial risk of the DfE Safety Valve Agreement for Cambridgeshire and increase in DSG spend" to the Corporate Risk Register following agreement by the Corporate Leadership Team (CLT) during the CLT Risk and Assurance meeting in December 2025. This reflects the growing pressures within the Children, Education and Families (CEF) Directorate, including statutory delivery challenges, rising SEND demand, and financial constraints. The escalation acknowledges that the scale and complexity of this risk have strategic implications for service delivery, financial sustainability, and organisational scrutiny. Further detail will be provided in the next Corporate Risk Register report to Strategy, Resources & Performance Committee.

### 8.3 CLT RISK AND ASSURANCE MEETINGS

8.3.1 The CLT Risk and Assurance group met on the 18th of December 2025 to review new and emerging risks and to continue strengthening oversight of Council wide risks. The meeting included:

- An overview of the organisation's key strategic risks, confirming that while progress is being made in several areas, many core pressures remain unchanged. The Corporate Risk Register was reviewed in full, with

directorates reporting broadly stable risk positions. Strengthened assurance was noted around incident management following the establishment of Gold and Silver command structures, though a gap remains around IT disaster recovery and cyber security planning, which the group agreed requires further discussion and input from IT. Rising Freedom of Information/Data Subject Access Request numbers and other information-related pressures were also highlighted as a growing area of concern, as were sustained financial and workforce challenges across some major service areas.

- The meeting also considered a refreshed Directorate Risk Register from the Children, Education and Families (CEF) Directorate, which has streamlined its risk profile from 12 to 6 risks following internal review. CEF continues to face escalating pressures related to statutory delivery, SEND, and budget constraints. This led to the most significant discussion of the meeting, relating to the risk titled “Non-delivery of SEND statutory timelines, financial risk of the DfE Safety Valve Agreement for Cambridgeshire and increase in DSG spend.” The group recognised that this risk represents a major and multifaceted threat to service delivery, influenced by Safety Valve negotiations, SEND demand, and wider financial uncertainties. Given its severity, potential for wide-ranging operational impact, and increasing political and organisational scrutiny, the group unanimously agreed that this risk should be escalated from the Directorate Risk Register to the Corporate Risk Register.
- The Local Government Reorganisation (LGR) risk register was also reviewed, acknowledging that the end of phase one requires a refresh of risk ownership and controls. While no major decisions were taken in this area, CLT noted ongoing challenges around procurement, financial oversight, and maintaining service quality during transition. Several risk ownership changes were agreed across the meeting to ensure alignment with current responsibilities and programme structures.

8.3.2 Overall, the meeting provided assurance that risk management processes remain active and responsive, while also identifying areas requiring strengthened corporate oversight—most notably cyber security resilience and the escalated CEF financial delivery risk, which now sits on the Corporate Risk Register due to its strategic significance.

## 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 31<sup>st</sup> January 2025, Internal Audit has received 41 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 (30 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 A total of 16 cases were carried forward from 2024/25. By 31<sup>st</sup> January 2025, 3 of these cases remain open, but draft reports have been issued in all three cases. The cases will be closed once final reports have been agreed with the relevant service(s).

**Table 9. Current Internal Audit Whistleblowing & Investigations Caseload**

<b>Open Cases From 2024/25 Carried Forward</b>		<b>Open</b>	<b>Closed</b>	<b>Total</b>
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	1	5	6
Safeguarding and Health & Safety	Safeguarding	0	2	2
	Health and Safety	0	1	1
<b>Total</b>		<b>3</b>	<b>13</b>	<b>16</b>
<b>All Cases Reported in 2025/26 To Date</b>		<b>Open</b>	<b>Closed</b>	<b>Total</b>
Fraud and Theft	Bank Mandate Fraud	0	4	4
	Council Officer Fraud	1	4	5
	Money Laundering	0	1	1
	Theft	0	1	1
	Third Party Fraud	1	3	4
	Cyber Fraud	1	0	1
Grievance/Bullying	Conduct/Grievance	2	5	7
	Care Provider	1	0	1
Governance	Internal Governance Issue	4	2	6
	Schools governance	1	1	2
	Complaints	0	2	2
	Conflict of Interest	1	1	2
	Care Provider	1	0	1

Safeguarding and Health & Safety	Safeguarding	0	2	2
External issues	Not related to CCC	0	2	2
<b>Total</b>		<b>13</b>	<b>28</b>	<b>41</b>

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 (5 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. In one case, a draft report has been issued and this is now being reviewed and agreed with service management; in the other four cases, investigation is ongoing.
- **Third Party Fraud (1 open case)** - 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.
- **Care Provider Concerns (2 open cases)** – Two cases where concerns have been raised regarding a Council care provider are under investigation by the Commissioning service. One set of concerns links to conduct and behaviour among staff at the provider, while the other relates to governance concerns.
- **Council Officer Fraud (3 open cases)** – One possible case of council officer fraud has been flagged via the National Fraud Initiative and is currently under investigation. Two other cases have been investigated and draft reports issued. These are currently being reviewed and agreed with the relevant service management teams.
- **Conduct/Grievance (2 open cases)** – Two open cases are linked to employee conduct and behaviour. Investigations are being handled via HR in line with Council policy.
- **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 whether any formal recommendations are required.

- **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 has been completed and a draft report issued; this is currently being reviewed and agreed with service management.
- **School Governance Allegation (1 open case)** – Concerns have been raised regarding a school; these have been passed to colleagues in the Education Service, who are in the process of reviewing the concerns and ascertaining what level of investigation/follow-up is required.

## 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. In particular it is noted that a number of attempts at fraud have been made during this time period which have not been successful, but which have been reported to Internal Audit in line with the Council's Anti-Fraud & Corruption policy and dealt with appropriately.

### 9.2.2 *Case 179: Adults Procurement:*

A whistleblower raised concerns regarding a possible case of contracts with a provider being split to intentionally evade procurement threshold requirements, and a possible conflict-of-interest within contracting arrangements. Internal Audit investigation confirmed that the suspected conflict-of-interest did not exist in practice.

Internal Audit did not find evidence of intentional splitting of contracts; however recurring maintenance costs were not aggregated into formal contracts as they should have been, and there was a breach of procurement regulations linked to the contract. This had already been identified and reported appropriately through the procurement breach process at the time of the review.

The contracting arrangement was complicated by the fact that Cambridgeshire was commissioning services from the company on behalf of both the Council and the ICB, and it appears likely that the complexity of arrangements resulted in confusion on the part of officers regarding compliance requirements, rather than intentional non-compliance. Internal Audit issued a briefing note on the case and made a single advisory recommendation for the Procurement team to issue communications to colleagues to remind them of key compliance requirements.

### 9.2.2 *Case 193: Children's Social Care:*

A whistleblower raised concerns to Ofsted around high caseloads, staff wellbeing and management issues within Children's Social Care. Similar concerns were raised previously and reviewed by Internal Audit and a draft report from the review was shared with the service. The matter was reviewed by senior management and

a written response to the concerns provided to Ofsted, following which Ofsted closed the case.

#### 9.2.3 *Case 199: Conflict of Interest:*

A whistleblower raised concerns regarding a potential conflict of interest, arising from a member of staff undertaking an additional role outside of the Council, with no declaration of interest form being held. This issue was investigated by Internal Audit, and a briefing note report presented to the service, with four high priority recommendations to be implemented to mitigate the risks of unidentified conflicts arising in future. There was no evidence of wrongdoing identified during the investigation, but improvements to the processes and procedures surrounding declaration of interest forms were suggested to the service.

#### 9.2.4 *Case 200: Maintained School:*

A whistleblower raised concerns around various aspects of governance at a maintained school, including recruitment and confidentiality. An investigation was undertaken by the Council's Schools Intervention Service, which found the allegations to be unsubstantiated but did identify some points of procedural learning for the school.

#### 9.2.5 *Case 214: Attempted Bank Mandate Fraud:*

A bank mandate fraud was attempted by fraudsters who had hacked a service user's email address and sought to divert a refund payment which was due to the service user. This was prevented by colleagues in the service, who identified and investigated red flags regarding the change to bank details which had been requested by the fraudsters. No funds were lost.

#### 9.2.6 *Case 217: Attempted Invoice Fraud:*

A Council officer received an invoice alleging to be from a supplier. They identified inconsistencies in the information provided and contacted the supplier, who confirmed the invoice was fraudulent, and there was no loss to the Council.

#### 9.2.7 *Case 219: Possible Money Laundering Risk:*

A Council officer raised concerns regarding an individual who was due a refund by the Council requesting that this be repaid to a different bank account than the account which made the payment. While the payment was low value, this type of request is noted as a possible warning sign of money laundering. The service processed the refund to the original bank account, in line with corporate policy, and alerted Finance and Audit.

#### 9.2.8 *Case 220: Attempted Phishing Scam:*

A Council officer received a 'phishing' telephone call at work, with the fraudsters attempting to obtain bank account information. The member of staff recognised this as suspicious and did not engage, and there was nothing to suggest that this was targeted at the individual or the Council specifically. Internal Audit shared an alert regarding this type of scam via the Council's intranet to raise awareness.

#### 9.2.9 *Case 221: Possible Conflict of Interest:*

Concerns were raised regarding the potential for a future conflict of interest. The conflict of interest has yet to arise, so advice has been provided by the Internal Audit team on the correct processes to assess and manage the risk of conflict, and a referral made to HR for any further support.

#### 9.2.10 *Case 222: Attempted Bank Mandate Fraud:*

Fraudsters hacked the email address of a supplier and attempted to change the supplier's bank details on the Council's systems. The service identified the attempted fraud before the details were changed and there was no loss.

#### 9.2.11 *Case 226: Homecare Concerns:*

A whistleblower requested an investigation into a homecare provider. The referral contained no details of any specific concerns, and the whistleblower did not respond to a request for further information that would allow assessment of whether an investigation was required. The case was therefore closed.

### 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. Matches were released from the first round of data matching on the 20th December 2024. Adult Social Care datasets were not collected in the first round of data matching, and these datasets were uploaded onto the NFI portal in November 2025 as part of a separate second exercise, with matches released in December 2025. This produced an additional 41 new matches, which will be reviewed by colleagues in Adults with support from Internal Audit colleagues.

9.3.3 As at January 2026, 3603 matches have been reviewed and cleared resulting in £27,239.47 identified to recover. This sum relates to pension payments made to a deceased person and 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. 337 blue badges have been cancelled; the Cabinet Office estimates a notional saving of £267,578 for these.

## 10 *KEY FINANCIAL SYSTEMS UPDATE*

### 10.1 2024/5 KEY FINANCIAL SYSTEMS AUDITS

10.1.1 The final outstanding audit from the 2024/5 financial systems audits was the Income Processing audit, which has been undertaken by the West Northamptonshire audit team. The Audit Manager at West Northamptonshire has confirmed that the fieldwork is completed and the draft report is currently being reviewed with an expectation it will be issued as draft in February. Although the report has not been issued the Audit Manager has indicated that the draft assurance opinion is 'substantial'.

### 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. The Payroll and Debt Recovery audits are due to begin in February. Given that the majority of actions from the previous Payroll audits are still unimplemented, Internal Audit is liaising with the Council's Chief Financial Officer and other key colleagues to discuss the most effective way to provide assurance over the payroll system while ensuring that as far as possible, audit time is not spent re-reviewing unchanged systems.

10.2.2 In addition to the audits of the shared services key financial systems, the Cambridgeshire Internal Audit team is currently undertaking a review of the Bank Reconciliation system for Cambridgeshire County Council as part of the 2025/26 audit plan. The fieldwork for this work is completed with a draft report to be issued in February. The General Ledger work is complete and a draft report has been issued in January.

10.2.3 Work on delivering the Pension Fund Audit Plan has also commenced for 2025/6, with a draft report issued in December for the audit of risk management. A review of cash and treasury management will be the next Pensions audit to be delivered, commencing in February.