

# Internal Audit Progress Report



**City of Lincoln Council**  
**July 2022**



# Contents

## Key Messages

Page 2

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Introduction  
Summary  
Assurances

## Internal Audit work completed

Page 3

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Overview of Assurances  
Audit Reports at Draft  
Work in Progress

## Benchmarking

Page 6

Key Performance Indicators

## Other Matters of Interest

Page 7

## Appendices

Page 8

- 
- 1 Limited / Low Assurance Reports (None)
  - 2 Assurance Definitions
  - 3 2022/23 Audit Plan
  - 4 Further Information on Audit reports (Restricted)

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This report has been prepared solely for the use of Members and Management of City of Lincoln Council. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed internal audit plan.

# Introduction

The purpose of this report is to:

- Provide details of audit work during the period April – June 2022
- Advise on progress with the 2021/22 Plan and the 2022/23 Plan
- Raise any other matters that may be relevant to the Audit Committee role

## Key Messages

Progress is being made on the four audits remaining from the 2021/22 Plan - one is at draft report stage and three are at advanced fieldwork stage. These have now been added to the 2022/23 revised plan (Appendix 3).

The 2022/23 Plan is underway – three pieces of work are in progress, one at testing stage and the other two at Terms of References stage (Appendix 3). We have issued the Annual report for 2021/22.

We have completed a number of pieces of other work this quarter including the Annual Fraud Report, Counter Fraud Aciton Plan and monitoring of recommendations. We continue to provide advice and assistance to the group administering the £150 energy support payment (Council Tax Rebate).

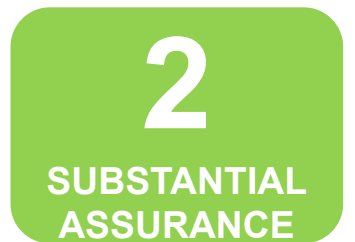
Work is ongoing to recruit to the two posts which will become vacant in the next few months. Once the results of this are known the Plan will be revised and reported to Committee.

## Assurances

Three assurance reviews have been completed:-

- Town Deal – High assurance
- Income Fees & Charges – Substantial assurance
- Planned Maintenance – Substantial assurance

Summaries of these are provided on the following pages.



Note: The assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. The definitions for each level are shown in Appendix 1.

# High Assurance

## Town Deal

This review assessed the effectiveness of the Town Deal governance and financial management arrangements, focussing on the responsibilities of the City of Lincoln Council (CoLC) as the accountable body.

The Town Deal governance and financial management arrangements are robust and comply with Department for Levelling Up, Homes and Communities guidance.

An effective and formally approved governance structure is in place. There is clear oversight of the programme by the Town Deal Board, with full support provided by its Investment Sub-Committee, Town Delivery Board, and the City of Lincoln Council (CoLC).

A comprehensive and approved Local Assurance Document exists, that includes detailed Terms of Reference for each Board / Committee. Roles and responsibilities of its members and CoLC, as the Accountable Body, are clearly defined including reporting lines and mechanisms. Our review confirms CoLC are meeting their responsibilities and working within their delegated powers.

Programme risks that could prevent the Programme from achieving its priorities, outcomes etc., have not been formally identified and documented and a recommendation has been made, and accepted, that a Risk Register is drawn up and reported to the Board.

# Substantial Assurance

## Income Fees & Charges

Our review sought to provide assurance that income is collected promptly and accurately and is appropriately accounted for.

The areas selected for review were Bereavement Services, Garden Waste, Building Regulations, Development Control, Hartsholme Country Park, and Community Centres.

We found that income is recorded as due, demanded/collected promptly and is appropriately accounted for. The correct Fee/Charge is applied and any refunds are processed correctly.

Two areas for improvement were identified;

- Building Control – incorrect deduction of VAT from Regularisation applications submitted online. An adjustment will be made for any VAT errors that can be identified since the online process was introduced in 2019 and the online process will be amended
- Green Waste - stickers are printed in bulk by a local printer who issue them on the Council's behalf. Stickers are held securely and records are maintained of those issued but to further improve control the stock should be verified by a Council officer before they are destroyed at the end of the year.

## Planned Maintenance

This review provides independent assurance around the effectiveness of the closedown of the Planned Maintenance contract and the interim arrangements for the carrying out of priority 1 works (electrical rewires & fire doors). The review did not cover the process or decisions made leading up to the final closedown of the contract.

We are providing substantial assurance as, despite the difficult negotiations and the ongoing delays in finalising outstanding issues, the Housing and Investment Team are committed to completing the closedown. We have evidenced the thoroughness of their analysis of unresolved issues and their persistence in receiving full evidence/ explanations on outstanding issues. Furthermore, interim arrangements for the continuation of priority 1 planned maintenance works have been put in place and are working well.

### Audits in Progress (22/23 unless stated)

- Performance Management 21/22 – draft report
- IT Programme & Project Management 21/22 – fieldwork in progress
- Medium Term Financial Strategy 21/22 – fieldwork in progress
- Stores 21/22 – fieldwork in progress
- De Wint Court – preparation of Terms of Reference
- Housing Benefit Subsidy – detailed testing of a sample of 60 cases from 21/22 has commenced
- Staff Welbeing – Terms of Reference drafted and issued to auditee

### Other work

- Counter Fraud
  - Annual Fraud report completed
  - Counter Fraud Plan for 2022/23 completed
  - Money Laundering risk assessment – in progress
  - Scam awareness – work undertaken as required
  - Lincolnshire Counter Fraud Partnership liaison – ongoing
- Rogue Landlord – a Post Implementation Review has been produced and circulated
- Recruitment process – advertised internally, to go out externally if no applicants.
- Revised the Audit Recommendations Protocol.
- Annual Report Issued

### Amendments to the Audit Plan

There are none currently.

### Audit work undertaken for Assurance Lincolnshire

Covering the Principal role for the South East Lincolnshire Partnership  
Two audits are in progress – Boston Borough Council Housing Benefit Subsidy and West Lindsey DC Contract Management. Terms of References drawn up for two other audits.

# Benchmarking

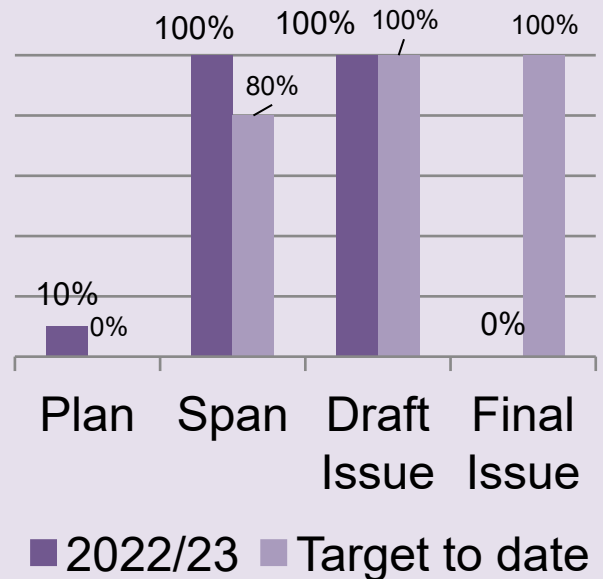


Internal Audit's performance is measured against a range of indicators. The statistics below show our performance on key indicators year to date.

## Performance on Key Indicators

Rated our service Good to Excellent

10% Plan Completed



# Other matters of interest

A summary of matters that will be of particular interest to Audit Committee Members.



## Audit Committees and Scrutiny Committees – Working Together

The Centre for Governance and Scrutiny (CfGS) produced a paper for councillors on audit committees and scrutiny committees on how member-level activity on audit, and councils' scrutiny functions, can work more closely. It focuses in particular on how scrutiny can contribute productively to the core functions of Audit committees.

The paper states that whilst Audit and Scrutiny require their own focus and resources, there will be matters of common interest where it makes sense to collaborate including:

- Action on mindset and culture
- Securing good governance
- Risk
- Value for money
- Wider policy issues, and the impact of council strategy on financial management

The report explores opportunities for collaboration within each of the areas listed above and provides practical examples of how it may work in practice.

The full report can be found using this link:

[Audit committees and scrutiny committees: working together - Centre for Governance and Scrutiny \(cfgs.org.uk\)](https://www.cfgs.org.uk/audit-committees-and-scrutiny-committees-working-together)



## Position Statement: Audit Committee in Local Authorities and Police

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies and the police should adopt. They expect that best efforts should be made to adopt the principles to enable them to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The statement sets out the following:-

- Purpose of the Audit Committee
- Independent and effective model
- Core functions
- Audit Committee Membership
- Engagement and Outputs
- Impact

The full statement can be found using this link:- [CIPFA Position Statement 2022](#)

There is also guidance available using this link:- [Guidance](#). A new edition of the Practical guidance for 2022 is due to be published in late summer 2022.



There are none.

**High**

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

**Substantial**

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

**Limited**

Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.

The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

**Low**

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
21/22 Performance Management	Assurance that the PM Framework enables the Council's performance to be effectively monitored.	Q4	Mar 22		Draft report
21/22 Stores	Assurance on the changeover of the contractor.	Q4	Apr 22		In progress
21/22 ICT Programme & Project Management	Assurance on general programme and project management.	Q4	Feb 22		In progress
21/22 Medium Term Financial Strategy	Assurance that assumptions, reserve levels, etc are appropriate and there is integration with other strategic documents	Q4	Mar 22		In progress
Annual IA Report	Audit opinion & coverage for 2021/22	Q1	May 22	June 22	Completed
Housing Benefit Subsidy	Detailed testing on behalf of External Audit	Q1-2	May 22		In progress
Staff Wellbeing	Review of the impact of changes to working practices on staff and action being taken. Covering areas such as homeworking, health and safety and the impact on sickness, grievances, turnover.	Q1			Draft Terms of Reference issued

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
De Wint Court	To review the proposed arrangements in place for the Rent, allocations, staffing and other income in respect of De Wint Court .	Q1			Preparation
Housing IT	System Implementation Gateway reviews on the project to upgrade the Universal Housing system	Q1-3			
IT Disaster Recovery (IT Consultant)	Assurance on IT DR planning, incident response & infrastructure resilience.	Q1-2			
Christmas Market	There are plans in place setting out the aims and objectives for the market measuring it's performance. Processes are in place for the secure collection of income and procurement of goods and services to support the operation of the market.	Q2			
Economic Recovery – Post Covid	Work to be carried out on the Covid related grants - potential to look at third party providers, possible frauds, lessons learned.	Q2			
Climate Change	Review of the Councils climate action plan to ensure that it links to the Councils vision and aspirations, sets clear targets for achievement and is embedded within the Council.	Q2-3			

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Members	Review of the processes in place to ensure that Members receive the resources (kit & expenses) and development required including their responsibilities and communication especially via social media.	Q2-3			
Electoral Registration	Review of the maintenance of the electoral register.	Q3			
Fleet	Review to ensure that the fleet is procured & managed in accordance with the policies and procedures. There are controls in place to ensure that fuel and consumables are used on council fleet vehicles and policies on private use of fleet vehicles are in place.	Q3			
Housing Repairs	To provide assurance on the operation of the new repairs process and the void repairs process	Q3			
Health & Safety	Review operation of new risk assessment process.	Q3			
Insurance	Processes in place ensure that the responsibility for insurance is clearly defined and sustainable, adequate cover is in place, compliance with internal procedures and claims are dealt with promptly.	Q3			

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Property, Plant & Equipment (Asset Control)	Review of the processes in place to ensure that the assets register held by accountancy is accurate (additions / disposals, valuations & reconciliation of the register).	Q3			
Organisational Development	To provide assurance that there is an effective workforce plan in place which meets the changing needs of the council in order to serve its communities. To consider the demographic and skills of staff and to ensure that key risks have been identified.	Q3-4			
Corporate Asset Management	There is an up-to-date Strategic Asset Management plan in place which is appropriately communicated.	Q3-4			
Western Growth Corridor	To provide assurance that appropriate partnership governance and programme management arrangements are in place for the construction of Phase 1a.	Q3-4			
Housing Strategy & New Build / New Homes	The Council has a plan in place that includes the delivery of new homes which is realistic and adequately resourced. There are processes in place which ensure that any conditions of funding are adhered with.	Q4			

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
General Ledger (Journals, Control Accounts & Suspense Accounts)	Review to ensure that there are controls in place to ensure that journals made are appropriate, control accounts are reconciled and suspense accounts cleared promptly.	Q4			
CCTV	Review of the processes in place to ensure that the service complies with the regulatory requirements, is appropriately resourced and has processes in place for maintaining and sharing information in response to incidents. Equipment is maintained and secure.	Q4			
IT Asset Management	Review of the processes and policies in place regarding the control of IT assets (Including mobile devices) including asset management, responsibility, use and the security of the devices to protect against unauthorised use, access to information and loss of assets.	Q4			
Income – Bank Reconciliation	Processes in place ensure that bank reconciliations are carried out promptly, accurately, reviewed and any discrepancies are rectified.	Q4			
Combined Assurance	Update of the Combined Assurance Map	Q4			
Audit Strategy & Plan	Audit Strategy & Plan for 2023/24	Q4			