

# Internal Audit

## Draft 2024/25 Plan



**City of Lincoln Council**  
**March 2024**

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# The Planning Process

## Introduction

This report sets out the Internal Audit Plan as at 1<sup>st</sup> April 2024. The plan details the activities to be audited and the indicative scope for each audit. The draft plan gives you an opportunity to comment on the plan and the priorities that we have established.

Our audit plan delivers assurance within agreed resources of 310 days, covering the period April 24 to March 25. This includes 300 days of internal resource and 10 days specialist IT resource.

The plan may be amended throughout the year to reflect changing assurance needs.

In Appendices A to E we provide for you information details of:

- Auditable Activities
- How the draft plan achieves the requirements of the Audit and Accounts Committee and Head of Internal Audit
- Our Working Protocols and Performance
- Our Quality Assurance Framework

## Developing the plan

The internal audit plan has been developed using various sources including our external intelligence, local knowledge and the meetings held with Assistant Directors and the Senior Leadership Team as a whole. **Figure 1** shows the key sources of information that has helped inform the plan.

We have prioritised our audit work taking account of the impact an activity will have on the Council if it fails. The criteria for determining priority are:

- **Significance** - how important is the activity to the Council in achieving its objectives, key plans and in managing its key risks. We look at both financial loss and strategic impact.

- **Sensitivity** - how much interest would there be if things went wrong and what would be the reputational and political impact.
- **Level of Assurance** – we assess the current level of assurance evaluating reliability and contribution to the Head of Internal Audit annual opinion on governance, risk and control.
- **Time**– when it will happen (this will determine when the best time to do the Audit is).

Figure 1 – Key sources of information



## Updating the Plan

Through the year we will collect business intelligence that identifies emerging audits which could be included in the plan according to priority.

The primary source of business intelligence will be the regular liaison meetings between our team and the nominated liaison contact, other sources of intelligence will include:-

- Committee reports
- Key stakeholders
- Risk registers
- Officer groups

# Delivery and Focus

## Delivering the Plan

The audit plan has been developed to enable us to respond to changes during the year. Whilst every effort will be made to deliver the plan, we recognise that we need to be flexible and prepared to revise audit activity – responding to changing circumstances or emerging risks. The plan is therefore a statement of intent – our liaison meetings with senior management will enable us to firm up audit activity during the year.

The aim is to deliver the audits included in the plan in accordance with the schedule which will be devised once the plan is agreed. The schedule will be drawn up following liaison with the various auditees and Assistant Directors. Resources will then be allocated accordingly to the audits at the specified times. It is therefore important that any changes required to the audits or the schedule are notified to Internal Audit as soon as possible to avoid abortive time being spent on audits and for us to reallocate resources.

The Council's Internal Audit Plan is **310 Days**. The core team who will be delivering your Internal Audit plan are:

Head of Internal Audit / Audit Manager  
Amanda Stanislowski

Principal  
Vacant/Contracted support

Trainee Auditor  
Huw Burrows

## Audit Focus for 2024/25

In the following table we provide information on key audit areas and the rationale for their inclusion in the audit strategy and plan.

Appendix A outlines the various audits to be undertaken within each area. Appendix B contains those areas which we have not been able to include in the plan, but management may wish to consider whether they should be included.

Area	Reason for inclusion
<b>Financial Governance</b>	Providing assurance that key financial controls are in place and operating effectively during the year across all areas of the Council. This work provides the Section 151 Officer with a key element of his assurance that the Council has effective arrangements for the proper administration of its financial affairs.
<b>Governance &amp; Risk</b>	Providing assurance that key governance controls are in place and are operating effectively. These cross cutting audits focus on the Council's second line of assurance - corporate rather than service level systems.
<b>Critical Activities</b>	Our discussions with Assistant Directors identified some critical activities where a potential audit would provide independent assurance over the effectiveness of risk management, control and governance processes.
<b>Project Assurance</b>	There are a number of critical projects identified by the Council.
<b>ICT</b>	Technology and associated threats and opportunities continue to evolve at a pace. The effectiveness of ICT has a significant impact on how well

Area	Reason for inclusion
	the Council works. We will seek to provide assurance that key controls comply with industry best practice and are operating effectively.
<b>Follow Up</b>	<p>We will carry out spot checks to ensure agreed actions are implemented to provide assurance that identified control improvements have been effectively implemented and the risks mitigated.</p> <p>Working with management we also track the implementation of agreed management actions for all audit reports issued.</p>
<b>Combined Assurance</b>	Working with management we co-ordinate the levels of assurance across the Council's critical activities, key risks, projects and partnerships – producing a Combined Assurance Status report for management.
<b>Consultancy Assurance</b>	At the request of management, we undertake specific reviews where they may have some concern or are looking for some advice on a specific matter or around governance, risk and controls for a developing system. Such reviews are not normally given an audit opinion.

## Annual Internal Audit Opinion

We are satisfied that the level and mix of resources - together with the areas covered in the plan - will enable the Head of Internal Audit to provide their annual internal audit opinion.

## Appendix A – Internal Audit Plan 2024/25

Our proposed planned audits are listed below.

Audit Area	Assurance Sought	Assurance Map RAG Rating Risk	Internal Audit Risk Assessment	Strategic Risk Register	Corporate Priority	Management Request
<b>Financial Governance</b>						
Budget Management	Budgets are produced in line with the financial policies, approved, monitored and action taken on variances. Budgets are managed in line with Financial Procedure rules.	G	N/A	✓		
Debtors	Debtors are raised appropriately, authorised with processes in place to collect payment. Write-offs and credit notes are authorised.	G	N/A			
Housing Benefits and Council Tax Support – Key control	There are controls in place to ensure that HB and CTR is paid to the right people at the right time and for the correct amount. Local agreements are approved.	G	N/A			
<b>Governance and Risk</b>						
Business Continuity	Business continuity plans are in place for all relevant areas, communicated and up to date.	A	9	✓		
Corporate Planning – Vision 2030	There are robust processes in place for the development of the corporate plan. The corporate plan is supported by evidence and links to the performance and service planning etc – golden thread.	N/A	N/A	✓		
Project Management	There is a project management framework in place and used. The framework includes consideration of capacity and resources.	A	11	✓		
Counter Fraud	NFI, strategy, policy, health check, partnership, training, money laundering, identity.	A	9			
Risk Management	There is a risk management strategy in place which is up to date and embedded. Risk registers are completed, reviewed and contain appropriate mitigating actions.	G	8	✓		
Contract Management Follow Up	To review the recommendations made and ensure implemented with evidence of improvement.	A	8			



Audit Area	Assurance Sought	Assurance Map RAG Rating Risk	Internal Audit Risk Assessment	Strategic Risk Register	Corporate Priority	Management Request
<b>Critical Activities</b>						
Housing Strategy and New build / new homes	The Council has a plan in place that includes the delivery of new homes which is realistic and adequately resourced.	G	11		✓	
Market Operations	The processes put into place contain the necessary controls and ensure that the objectives of the Market are achieved.	A	10	✓	✓	✓
Planned Maintenance	There is a programme of maintenance in place to ensure housing properties are maintained as required by regulations. The plan is adequately resourced both financially and capacity.	G	11		✓	
Fleet	Review to ensure that the fleet is procured and 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.	A	12			
Homelessness	Review of the homelessness service to ensure that it complies with regulations, objectives and performance including the determination of applications.	G	11		✓	
Parking Services	Review of the Income collection processes and the strategy.	G	12		✓	
Housing Assistance (DFGs etc)	Review of the processes in place for Disabled Facilities Grants, Decent Homes and Security Grants.	A	9		✓	
Protection of vulnerable people	The processes and procedures in place for safeguarding, prevent, domestic violence, hate crime and modern slavery comply with recent legislation and are embedded throughout the Council.	G	8		✓	
<b>Programme / Project Assurance</b>						
Western Growth Corridor	Gateway review to provide assurance that appropriate partnership governance and programme management arrangements remain in place.	A	11	✓		✓
GSW26	Assurance over the arrangements in place over the re-tendering of the contract.	G	11		✓	
Towns Fund	Following on from the review in 2021/22 to provide assurance that appropriate arrangements remain in place for governance and programme management of the fund. Including spend and performance.	G	11		✓	

Audit Area	Assurance Sought	Assurance Map RAG Rating Risk	Internal Audit Risk Assessment	Strategic Risk Register	Corporate Priority	Management Request
<b>ICT</b>						
Strategy and Infrastructure	To give assurance that policies and processes are appropriate for Councils current and future requirements; ICT strategy, management and board oversight, budget, infrastructure planning and risk management	<b>A</b>	<b>N/A</b>			
ICT Support and helpdesk service	An assessment of the effectiveness of the ICT Service desk function using both assessment of key metrics and staff interviews. Objective: An assessment of the effectiveness of the ICT Service desk function using both assessment of key metrics and staff interviews.	<b>G</b>	<b>N/A</b>			
<b>Follow-up</b>						
Follow-ups	Follow-up of recommendations made for the progress report and on a sample basis.	N/A	N/A			
<b>Combined Assurance</b>						
Combined Assurance	Updating the assurance map and completing the Combined Assurance report.	N/A	N/A			
<b>Days</b>		<b>227</b>				

<b>Non-Audit</b>	
Advice and liaison	
Annual Report	
Audit Committee	
Review IA Strategy and Planning	
<b>Days</b>	<b>48</b>

<b>Grand Total</b>	<b>Total</b>
<b>HB Subsidy Testing</b>	<b>35</b>
<b>Total Internal Audit Days</b>	<b>310</b>



## Appendix B –Areas not included in the current plan

These are the areas which are not on the plan but are important.

Auditable Areas	Assurance Sought	Assurance Map RAG Rating Risk	Internal Audit Risk Assessment	Strategic Risk Register	Corporate Priority	Management Request
TOFs Programme	The savings programme is agreed, timetabled, monitored and performance is reported. The level of savings has been demonstrated as being feasible.	G	N/A	✓		
IT Operations Security	To ensure appropriate security / process arrangements in line with policy/strategy and good practice. Areas to be determined at the start of the audit.	G	N/A			
Income Collection and cash receipting - KC		G	10			
MTFS - KC		G	8			
Payroll	Processes in place ensure that staff are paid correctly and on time.	G	10			
Code of corporate governance	The Council has a Code in place which complies with the requirements, is visible and embedded.	G	11	✓		
Health and safety		G	9			
Information Governance - KC	Processes are in place which ensures that information is managed in accordance with the appropriate regulations – Data Protection etc	G	9			
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.	G	11			
System acquisition, development and maintenance	Assurance that new and existing systems are appropriately procured, with security compliance, developed and maintained; licenced	A	N/A			
Cloud Computing including 365	To ensure the appropriate security arrangements are in place for	G	N/A			

	cloud computing systems for new and existing systems.					
Procurement Cards	Procurement cards are used appropriately, kept secure with monitoring of spend undertaken.	N/A	N/A			
HR - Leavers	To ensure that there is a robust process in place for leavers (staff and agency) which ensures that they are removed from Council systems including outlook, physical access is removed and equipment returned.	N/A	N/A			
Safeguarding	Review of the processes in place to ensure that the Council's safeguarding functions are operating adequately .		N/A	✓		✓

## Appendix C – Head of Internal Audit's Opinion

Our work is carried out in conformance with the UK Public Sector Internal Audit Standards. These require that the scope of Internal Audit covers the whole range of the Council activities – seeking to provide an annual internal audit opinion on the governance, risk and internal control environment of the Council which has been established to:

- Achieve strategic objectives
- Ensure effective and efficient operational systems and programmes.
- Safeguard assets and interests of all kinds (including risks that relate to work it undertakes through partnerships)
- Ensure the reliability and integrity of financial and operational information.
- Ensure economic, efficient and effective use of council resources.
- Ensure compliance with established policies, procedures, laws, regulations and contracts.

### Our Internal Audit Strategy

It is important that the Internal Audit function focusses its work on what matters most to you – providing insight, assurance and added value to the Council. Whilst we have a plan in place this is flexible and may be changed during the year enabling greater flexibility and responsiveness – ensuring each piece of work is the right one, delivered at the right time. The plan is therefore more dynamic and responsive – essential for an effective Internal Audit service.

Our internal audit activity and plan has been driven by the Council's key objectives within the corporate plan, your key risks and critical service areas identified as part of the Combined Assurance Map.

We aim to align our work with other assurance functions – seeking to look at different ways of leveraging assurance to help us to maximise the best use of the Internal Audit resource and other assurance functions in the Council.

By adopting this approach, it is possible to give the Council comfort that there is a comprehensive risk and assurance framework with no potential gaps. We are then able to use our audit planning tool to target resources. This will minimise duplication of effort through sharing and coordinating activities with management and other management oversight functions.

We have identified the level of assurances in place by using the "Three lines of assurance" model – See **Figure 2**.

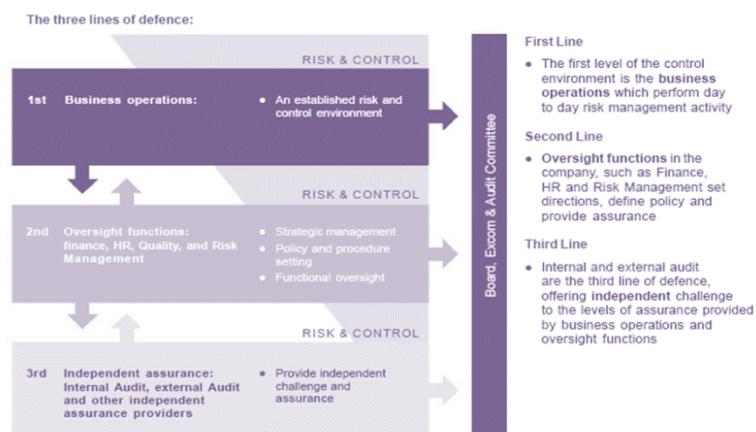


Figure 2 – The three lines of defence

Our Internal Audit Strategy also seeks to co-ordinate our work with other assurance providers where we can. In particular we liaise with External Audit to ensure the Council gets the most out of its combined audit resource.

## Appendix D – Working Protocols

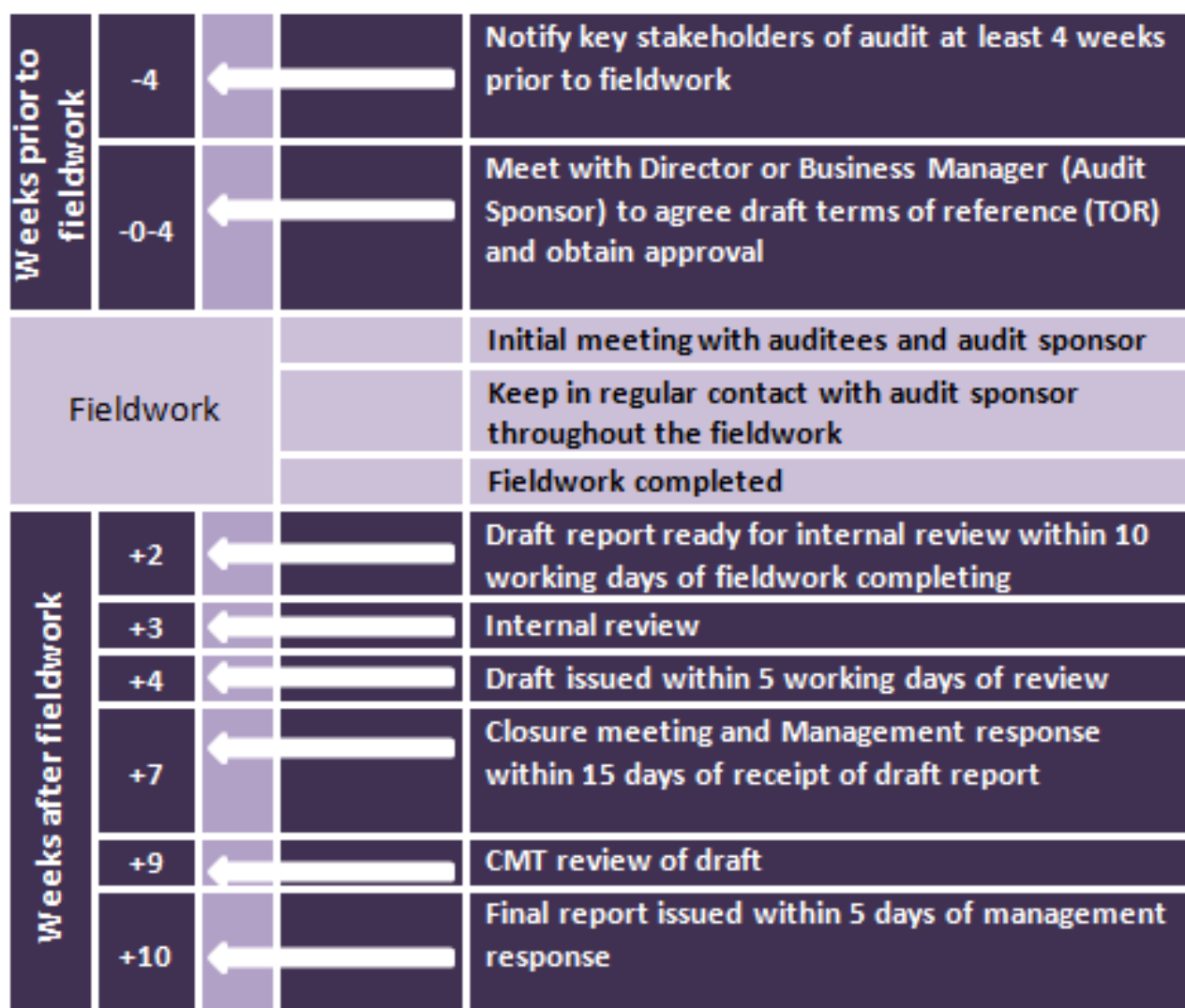
Our approach to delivering of internal audit work is based on a clear protocol detailed in the Audit Charter. How this works in practice is set out at the bottom.

Our performance is monitored by the Section 151 Officer and the Audit Committee - measured against 3 key areas:

- Delivery of planned work.
- Timeliness (contemporary reporting).
- Quality and Impact of work (communicating results / added value).

Strong communication is fundamental to quality delivery and maintaining trusting relationships. We keep management informed in accordance with agreed protocols including:

- Agreeing potential audit work for the forthcoming year
- Providing quarterly updates to evaluate progress and discuss activities and priorities for the next quarter.
- For individual audit engagements we hold planning meetings in person (our preference) by phone or email to discuss and agree the terms of reference and scope of our work.
- We keep you informed of key findings during the audit and upon conclusion we hold a debrief meeting in person to discuss our findings and any outstanding issues.
- We communicate the results of our audit work in a clear and concise way – securing management action where control improvements are needed.



## Appendix E – Our Quality Assurance Framework

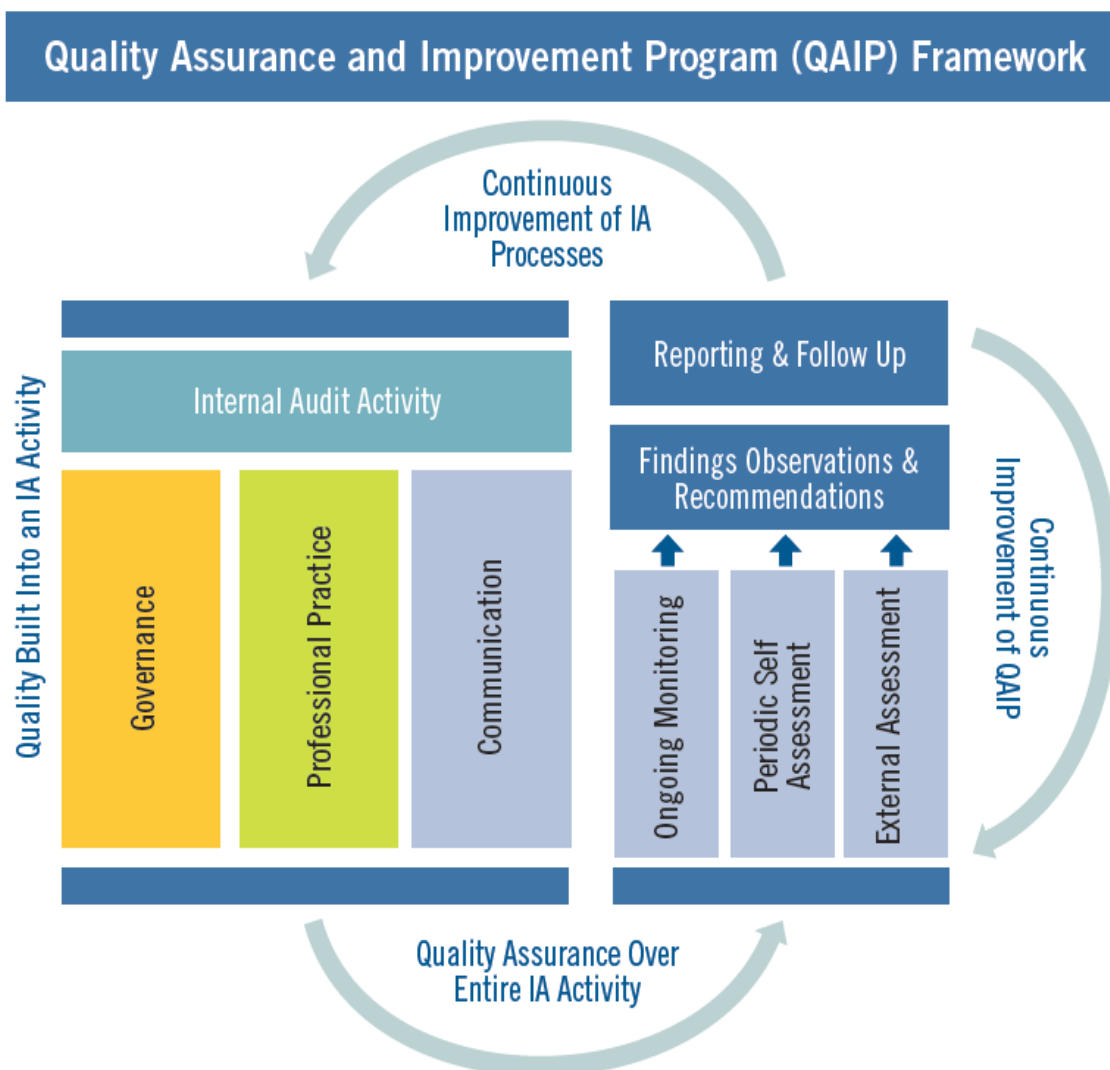
Quality is built into the way we operate – we have designed our processes and procedures to conform to best practice applicable to Internal Audit – in particular the UK Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

Our audit team offers a wide depth of knowledge and experience gained across different organisations. We promote excellence and quality through our audit process, application of our Quality Assurance Framework and our training and development programme.

Our Quality Assurance Improvement Programme incorporates both the internal

(self) and external assessments – this is a mandatory requirement and the Head of Audit reports annually on the results and areas for improvement. Our internal assessments must cover all aspects of internal audit activity – **The diagram below** shows how we structure our internal assessments to ensure appropriate coverage.

We use a number of ways to monitor our performance, respond to feedback and seek opportunities to improve. Evidence of the quality of our audits is gained through feedback from auditees and the results of supervision and quality assurance undertaken as part of our audit process.





Our Internal Audit Charter sets out the nature, role, responsibilities and authority of the Internal Audit service within the Council – this was approved by the Audit Committee and was last reviewed in 2022.