



Internal Audit Progress Report

City of Lincoln Council
January 2025

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Role of Internal Audit

The requirement for an internal audit function in local governance is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance.'

The Global Internal Audit Standards 2024 state the purpose of Internal Audit as:-

Internal auditing strengthens the organisation's ability to create, protect, and sustain value by providing the board and management with independent, risk based, and objective assurance, advice, insight and foresight.*

Internal auditing enhances the organisation's:-

- *Successful achievement of its objectives.*
- *Governance, risk management, and control processes.*
- *Decision making and oversight.*
- *Reputation and credibility with its stakeholders.*
- *Ability to serve the public interest.*

Internal auditing is most effective when:-

- *It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest*
- *The internal audit function is independently positioned with direct accountability to the board*.*
- *Internal auditors are free from undue influence and committed to making objective assessments.*

*Board – Highest level body charged with governance i.e. The Audit Committee.



The Purpose of the Report

In accordance with the Internal Audit Standards and the Internal Audit Charter, the Head of Internal Audit is required to provide a written status report to Senior Management and Members summarising:

- the status of live internal audit reports.
- an update on progress against the internal audit plan.
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact of the Head of Internal Audits annual opinion.







Assurance opinions are categorised as follows:

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



Performance Dashboard

Performance is measured against a number of different performance measures. The results of which are included below covering the period to 31 December 2024:-

Description	Actual 2023/24	Target 2024/25	Current	Status	Explanation	Change from previous report
Plan Completed	87%	95% / 85% (High/ Low Target) Q3 – 55% / 65%	48%	Below target	There have been a number of delays in completing the audits this quarter and changes made to the plan (details on page 6). There has also been more time than planned spent on administrative tasks such as the GIAS and supporting the trainee.	
Audits completed within 2 months	27%	80%	60%	Below target	There has been one further report which has not met the deadline. This was one carried over from 2023/24 and suffered delays due to capacity within the Audit team.	
Draft Report Issued within 10 days	77%	100%	57%	Below target	One of the three reports issued this quarter was issued in 12 days the delay was due to annual leave.	
Management Response received within 10 days	30%	100%	56%	Below target	Whilst still below target there is an improvement in meeting this target since the revised process was introduced. All those issued in Q3 have met the target.	
Final Report Issued within 5 days	57%	100%	82%	Below target	Whilst still below target, all reports issued in Q3 have met the target.	
Customer satisfaction	Excellent	Good to excellent	Excellent	On target	Six returned.	



Performance is measured quarterly against annual targets with the exception of the completion of the plan which has quarterly targets. There has been an improvement in most of the indicators as more audits are completed and revised processes put into place take effect.

The completion of the plan has declined this quarter and has not met the quarterly target for the first time this year. This is due to a number of factors including delays from auditees in completing the audits, changes being made to the plan, increased work on fraud and the National Fraud Initiative and more time being spent on administrative tasks than planned such as preparing for the new Global Internal Audit Standards and supporting the training of the Audit Assistant.

Update on Internal Audit Activity

Since the last progress report, three audits have been finalised, Council Tax, Business Continuity and Risk Management all were given Substantial Assurance. Summaries of these are provided in the following sections of the report. We have also completed the second quarterly follow-up spot check and found that three of the actions were implemented as reported, one for which a change was made and was being complied with and one where there was a delay in completing training so a sample will be chosen for review later. Progress made on the work within the 2024/25 plan is also included within the following sections of the report.

Other work has also been completed with the administration of the whistleblowing referrals, completion of the 6 monthly fraud report, National Fraud Initiative (NFI) upload of data, NFI Policy and reviewing performance against the new Internal Audit Standards.

Planning and Resourcing

A revised Audit Plan was submitted to the Audit Committee in September 2024. This resulted in three audits being removed reducing the plan by 28 days. Further discussions held since this time with service areas have resulted in further changes to the plan as follows for Quarter 4:-

Audit	Status	Reason
Homelessness	Removed	New Manager just starting and changes being made to the service.
Planned Maintenance	Removed	To reallocate resources to another audit which will provide greater value and is more time critical.
Corporate Planning	Removed	Audit postponed to 2025/26 where it will add more value.
LinCare	Added	To provide support prior to the external assessment.
Haz Grant	Added	To certify the use of the grant as required by
Housing Safety and Quality Standard	Added	To assist in the preparation for the external inspection.

There has been no overall change to the number of days in the revised Audit Plan.

Audits within the 2024/25 plan have been scheduled in and the schedule circulated to Managers. Details continue to be included within the quarterly reports to the Departmental Management Team meetings.

There are some delays to the plan so to reduce this further, days have been requested from the contractor to complete an audit in quarter 4. It is anticipated that with this further resource the audits will be completed in time to support the opinions within the Annual report. There have been no other changes within the Team.



Analysis of Audit Reviews

The schedule includes those transferred from the 2023/24 plan as well as those within the 2024/25 plan. The following shows the position as at 10 January 2025:-

Audit	Start Planned date	Start Actual date	End Actual date	Current Status	Assurance Rating
2023/24 – VAT/Tax	N/A	Nov-23	Apr-24	Complete	High
2023/24 – Council Tax	N/A	Jan-24	Dec-24	Complete	Substantial
2023/24 – Governance Healthcheck	N/A	Feb-24	May-24	Complete	Substantial
2023/24 – Western Growth Corridor - 2	Jan-24	Apr-24	N/A	Merged with WGC - 3	N/A
2023/24 – Access Control	Feb-24	Sept-24	N/A	Fieldwork	N/A
Housing Benefit Subsidy	Q1-Q2	May-24	Jul-24	Complete	Substantial
Follow-ups	Q1-Q4	Aug-24	N/A	Q2 Complete	N/A
2023/24 – UK Shared Prosperity	Q2	Dec-24	N/A	Fieldwork	N/A
Business Continuity	Q2	Sept-24	Dec-24	Complete	Substantial
Risk Management	Q2	Jul-24	Oct-24	Complete	Substantial
Fleet	Q2	Aug-24	N/A	Draft Report	N/A
Housing Assistance	Q2	Sept-24	N/A	Fieldwork	N/A
Western Growth Corridor - 3	Q2	N/A	N/A	Not started – Postponed to Q4	N/A
ICT Support and Helpdesk service	Q2	N/A	N/A	Planning	N/A
Debtors	Q3	Dec-24	N/A	Fieldwork	N/A
Housing Benefit and Council Tax Support	Q3	Dec-24	N/A	Fieldwork	N/A



Audit	Start Planned date	Start Actual date	End Actual date	Current Status	Assurance Rating
Corporate Planning – Vision 2030	Q3	N/A	N/A	Removed	N/A
Housing Strategy	Q3	N/A	N/A	Removed	N/A
Market Operations	Q3	N/A	N/A	Opening meeting held and TOR drafted.	N/A
Homelessness	Q3	N/A	N/A	Removed	N/A
Parking Services	Q3	N/A	N/A	Terms of Reference drafted.	N/A
Protection of vulnerable people	Q3	N/A	N/A	Postponed to Q4	N/A
Towns Fund	Q3	N/A	N/A	Not started	N/A
IT Strategy and Infrastructure	Q3	N/A	N/A	Not started	N/A
Haz Grant	N/A	Dec-24	N/A	Fieldwork	N/A
Project Management	Q4	N/A	N/A	Removed	N/A
Contract Management Follow-up	Q4	N/A	N/A	Preparation	N/A
Planned Maintenance	Q4	N/A	N/A	Removed	N/A
GSW26	Q4	N/A	N/A	Not started	N/A
LinCare	Q4	Jan-25	N/A	Fieldwork completed	N/A
Budget Management	Q4	N/A	N/A	Not started	N/A
Housing Safety and Quality Standard	Q4	N/A	N/A	Not started	N/A



Executive Summaries of 'High' or 'Substantial' Assurance Opinions

The table below provides a summary of the high or substantial assurance reports published since the last progress report. It also contains any management updates and progress made since the report was issued.

Audit Review Title: Council Tax				
Audit Sponsor/Director	Assurance Opinion	Management Actions		
Assistant Director Revenues and Benefits / Chief Executive	Substantial	High 0	Medium 5	Low/Advisory 2
Summary of Key Observations:- <p>There were adequate processes in place to ensure that Council tax is calculated correctly, and bills are being sent out to all relevant properties. There are good processes in place in respect of governance, risk and control management including a Council Tax Manual, process notes, reconciliations, management authorisation and performance reporting.</p> <p>Recommendations made include adding in more detail within the process notes covering discounts, exemptions, refunds, and write-offs, to set out the expectations for documentation and evidence. These changes will ensure that a consistent and accurate approach is followed as well as enabling others to respond to queries raised on accounts. It has also been recommended that a copy of all prime documentation used to support the calculation of performance is kept when it can't be recreated.</p> <p>The process for reviewing the reports of accounts 'under review' was found not to account for staff which had left. It has been recommended that the process is documented and strengthened to ensure that all accounts on the report are reviewed promptly including reallocating those where staff have now left.</p>				

Audit Review Title: Risk Management				
Audit Sponsor/Director	Assurance Opinion	Management Actions		
Chief Finance Officer / Chief Executive	Substantial	High 0	Medium 2	Low/Advisory 2
Summary of Key Observations:- <p>There was evidence to support effective risk management systems in place within the Council. A clear, comprehensive and regularly reviewed Risk Management Strategy and Policy Framework ensure there is a consistent approach to risk management that supports effective decision making, efficient service delivery and</p>				

achievement of the Council's Vision 2025 priorities. A robust governance structure ensures effective oversight and control of risk management.

A comprehensive Risk Management Toolkit provides a clear and consistent process for identifying and assessing risks and for developing risk registers, providing checklists to ensure all elements of the process are considered. This process was found to be effectively applied to strategic, operational and key project/programme risks.

Review of the Strategic Risk Register confirmed risks as clearly identified. Mitigating controls clear and distinct with future actions required well-defined and realistic. Regular review/scrutiny by Corporate Management Team (CMT) is evident.

Recommendations have been made to improve the Operational risk registers by ensuring that full details of all of the risks is recorded i.e. risk owner, risk appetite etc, the risk is detailed as a specific risk not just a title and evidence of all reviews is maintained on the register.

A recommendation was also made to ensure that meeting minutes clearly evidence scrutiny and challenge of the risk register.

Audit Review Title: Business Continuity

Audit Sponsor/Director	Assurance Opinion	Management Actions		
Chief Finance Officer / Chief Executive	Substantial	High 0	Medium 5	Low/Advisory 2

Summary of Key Observations:-

The review found that there were adequate processes in place to ensure efficient business continuity planning within the council. There are a number of policies and procedures in place to support business continuity which had recently been updated.

Recommendations were made and agreed to ensure that the policies in place are being adhered to. These include monitoring the locations of the hard copy documents and including the review dates for the Business Continuity Risk and Impact Assessment and the review of the Business Continuity plans for priority contractors on the tracker.

It was also found that training had not been delivered since 2021 so it was recommended that this was developed and delivered to relevant staff in 2025.

Testing of the Business Continuity Plan had been undertaken and action points drawn up. A recommendation was made to include implementation dates for these and monitor implementation.



Other Matters of Interest

The following includes a summary of matters that will be of particular interest to Audit Committee members.



Major Local Audits – Audit Quality Inspection (Nov 24)

The Financial Reporting Council (FRC) are responsible for monitoring the quality of major local audits. This report looks at the current backlog for audits and the results of the inspections it has carried out within the NHS and local government during 2023/24. It concluded that 75% of the audits inspected required no more than limited improvements and the VFM arrangements were good. However the local government audits are not complete and therefore could not be inspected so the results may change.

[Major Local Audits - Audit quality inspection \(frc.org.uk\)](https://www.frc.org.uk/major-local-audits-audit-quality-inspection)



Presentation – Leading good governance and assurance (Dec 2024)

These are the slides from a recent event held on governance and assurance. The presentation sets out the importance of good governance and assurance, what is meant by governance and assurance, key organisational components, the Annual Governance Statement, accountability and roles including the role which the Audit Committee plays. There are some examples of good and poor governance and case studies from other Councils.

[Leading good governance and assurance, 3 December 2024 | Local Government Association](#)



Presentation – The Audit Committee in Local Government (Nov 2024)

These are the slides from a recent event held on the Audit Committee. The presentation covers the general responsibilities of elected members in relation to governance, what the Audit Committee is and its responsibilities, and outlines some areas of good practice. It covers the relationship between the Audit Committee and both Internal and External Audit, the Annual Governance Statement and the format of questions to be asked at Audit Committee meetings. [21st Century Community Leader \(local.gov.uk\)](https://www.local.gov.uk/21st-century-community-leader)



Audit Committee Update 40 (Nov 2024) – New Internal Audit Standards

The briefing has been produced to help the Audit Committee members understand the changes to Internal Audit standards and the transition process. The new standards come into effect on 1 April 2025, the briefing includes information on the significance of the changes, the impact on the Audit Team and the Audit Committee. It also sets out the arrangements for assessing conformance.

[Audit Committee update issue 40: new Internal Audit standards | CIPFA](#)



Audit Committee Update 41 (Dec 2024) – The local audit backstop – key questions answered for the Audit Committee

The backstop dates are a nationwide measure to address the backlog of incomplete audits of financial statements across local government in England. They have been introduced as a way to reset the system by phasing the due dates for the audit of the accounts over the next few years to return back to the November deadline for the 2026/27 accounts. The briefing answers a number of questions covering areas such as what the finance team and

auditors need to do, the implications, modified opinions and the potential impact on the AGS.
[Audit Committee Update issue 41 | CIPFA](#)