



CITY OF
Lincoln
COUNCIL

Internal Audit Progress Report



June 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.

This report does not contain all of the information previously contained in other progress reports to avoid duplication with the Annual report. The focus of this report is to provide further information on the reports issued since the previous progress report.

Assurance opinions are categorised as follows:

<p>High</p> <p>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.</p> <p>The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.</p>	<p>Substantial</p> <p>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.</p> <p>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.</p>
<p>Limited</p> <p>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.</p> <p>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</p>	<p>Low</p> <p>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.</p> <p>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</p>



Update on Internal Audit Activity

Since the last progress report, seven audits have been finalised, Housing Benefit & Council Tax Support, Contract Management, Housing Assistance and Towns Fund were all given Substantial Assurance. There were two audits which were given Limited Assurance, Debtors and Fleet and one audit which was a consultancy, LinCare. Summaries of these are provided in the following sections of the report. We have also completed the third quarterly follow-up spot check and found that the actions were implemented as reported although there had been an issue with one of them which will be followed up during the audit of that area in 2025/26, Homelessness. Progress made on the work within the 2024/25 plan is included within the Annual report.

Other work has also been completed with the administration of the whistleblowing referrals, completion of the review of the HAZ grant claim, completion of the Annual fraud report, completion of the Annual Audit report, production of the Internal Audit Plan and scheduling and work on compliance with the Internal Audit Standards.

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 April 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 – 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	Q3 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



Audit	Start Planned date	Start Actual date	End Actual date	Current Status	Assurance Rating
Risk Management	Q2	Jul-24	Oct-24	Complete	Substantial
Fleet	Q2	Aug-24	Apr -25	Complete	Limited
Housing Assistance	Q2	Sept-24	Apr -25	Complete	Substantial
Western Growth Corridor – 2&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	Apr-25	Complete	Limited
Housing Benefit and Council Tax Support	Q3	Dec-24	Apr-25	Complete	Substantial
Corporate Planning – Vision 2030	Q3	N/A	N/A	Postponed to 2025/26	N/A
Housing Strategy	Q3	N/A	N/A	Removed	N/A
Market Operations	Q3	Nov-24 / Jan-25	N/A	Fieldwork	N/A
Homelessness	Q3	N/A	N/A	Postponed to 2025/26	N/A
Parking Services	Q3	N/A	N/A	Postponed to 2025/26	N/A
Protection of vulnerable people	Q3	N/A	N/A	Postponed to 2025/26	N/A
Towns Fund	Q3	Feb-25	Mar-25	Completed	Substantial
IT Strategy and Infrastructure	Q3	May-25	N/A	Fieldwork	N/A
Haz Grant	N/A	Dec-24	Feb-25	Completed	Signed off
Project Management	Q4	N/A	N/A	Postponed to 2025/26	N/A
Contract Management Follow-up	Q4	Jan-25	Mar-25	Completed	Substantial



Audit	Start Planned date	Start Actual date	End Actual date	Current Status	Assurance Rating
Planned Maintenance	Q4	N/A	N/A	Removed	N/A
GSW26	Q4	Apr-25	N/A	Fieldwork	N/A
LinCare	Q4	Jan-25	Mar- 25	Completed	Consultancy
Budget Management	Q4	Apr-25	N/A	Fieldwork	N/A
Housing Safety and Quality Standard	Q4	May-25	N/A	Fieldwork	N/A



Executive Summaries of 'Limited' or 'No' Assurance Opinions

The table below provides a summary of the limited or no 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: Debtors/Recovery				
Audit Sponsor/Director	Assurance Opinion	Management Actions		
Assistant Director Revenues and Benefits/Chief Finance Officer / Chief Executive	Limited	High 5	Medium 2	Low/Advisory 4
Summary of Key Observations:- The audit found that, while processes are in place for the day-to-day running of the debtors service the processes for recovery are not effective, with the Council not taking prompt action to recover debts and potentially losing out on bad debt relief. Further information is available in Part B of the Committee report.				



Audit Review Title: Fleet				
Audit Sponsor/Director	Assurance Opinion	Management Actions		
Assistant Director - Asset Management / Director of Housing and Investment	Limited	High 4	Medium 6	Low/Advisory 4
Summary of Key Observations:- The review highlighted a number of areas which require addressing promptly to reduce the risk to the Council. These concern the contracts for the repairs and maintenance of fleet vehicles, use of vehicles and training records. Further information is available in Part B of the Committee report.				



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: Housing Benefit and Council Tax Support – Key control				
Audit Sponsor/Director	Assurance Opinion	Management Actions		
Assistant Director Revenues and Benefits / Chief Executive	Substantial	High 0	Medium 4	Low/Advisory 6
Summary of Key Observations:- <p>The audit found that there were effective key controls in place regarding housing benefits and council tax support.</p> <p>The main identified areas of improvement were around the accuracy of the overpayment recovery rates including the guidance, rates used and supporting documents, and transparency of publishing the Council tax support scheme.</p> <p>We made lower priority recommendations to ensure regular reviews and updates of procedures and guidance notes, as well as including write-off authorisation limits within the write-off procedure.</p> <p>The review also examined the implementation of the agreed actions from the audit of Housing Benefit Subsidy Testing 2023-24. We were provided with evidence that all agreed actions had been implemented.</p>				

Audit Review Title: Contract Management – Follow-up				
Audit Sponsor/Director	Assurance Opinion	Management Actions		
Procurement Manager / City Solicitor / Chief Executive	Substantial	High 1	Medium 1	Low/Advisory 0
Summary of Key Observations:- <p>The review found sufficient evidence that previously agreed actions have been implemented as planned and there is a positive direction of travel.</p> <p>There were two actions which had not been fully completed which were:-</p> <ul style="list-style-type: none"> Contracts clearly set out requirements in respect of contract management and performance, and that these requirements are effectively monitored. 				



- That contracts are appropriately added to the Contracts Register.

Action had been undertaken but the review found that there were still contracts which were not on the register or did not contain details of the management arrangements and performance measures. Further action has been agreed.

Audit Review Title: Housing Assistance

Audit Sponsor/Director	Assurance Opinion	Management Actions		
Chief Finance Officer / Chief Executive	Substantial	High 0	Medium 4	Low/Advisory 5

Summary of Key Observations:-

The review found that sufficient evidence was provided that supports the Council has robust and established operational processes and controls in place throughout all aspects of Disabled Facilities Grant delivery and these are being operated consistently and effectively.

Whilst no high-risk areas or other significant areas of concern have been identified, four medium-risk findings have been made in respect of the following areas for improvement:-

- Formal review, update and approval of the Private Housing Health Assistance Policy is required to ensure key information available to stakeholders remains accurate for all areas.
- Beyond headline information level, opportunities for strengthening the audit trails of underlying grant case management records (in particular, those held outside of CIVICA APP) should be explored to aid central accessibility by appropriate Private Sector Housing officers.
- The delegated approval rights, financial limits and key approval processes for grant award should be confirmed as set out formally in writing, for clarity and transparency on the processes being followed.
- The DFG Checklist is completed for all grant cases in the manner intended by management, so it remains fit-for-purpose as a key control (case progression) record completed by administering officers and to enable easy oversight by senior officers.

Actions have been agreed for all of the recommendations made.



Audit Review Title: Towns Fund				
Audit Sponsor/Director	Assurance Opinion	Management Actions		
Chief Finance Officer / Chief Executive	Substantial	High 0	Medium 2	Low/Advisory 3
<p>Summary of Key Observations:-</p> <p>The review found effective governance, performance and financial management arrangements are in place for the Town Deal Programme.</p> <p>A fully documented and clearly defined governance structure exists. Town Deal Board meetings however need to be held more regularly. Minor improvements to the Town Deal Board website are also suggested to improve transparency.</p> <p>Reporting lines and mechanisms, together with delegated authority, are clear and formally documented. Complete and timely information in respect of the programme overall and individual projects is provided regularly to the Investment Sub-Committee and Town Deal Board to enable informed decision making.</p> <p>Detailed project Performance Monitoring Reports, Output Forms and Claim Forms submitted by Project Leads quarterly, are subject to comprehensive review by the Senior Project Officer and Finance, with final 'sign off' by the Chief Finance Officer. Regular update, monitoring and evaluation of the programme and project progress, performance, finances and risks are evident.</p> <p>Effective financial management and reconciliation of the Town Deal Fund and Town Deal projects is undertaken. Comprehensive analysis and scrutiny of claim forms ensures expenditure is eligible and can be fully supported. Funding is only released when queries have been resolved and claims approved by the Chief Finance Officer.</p> <p>Performance Monitoring Returns, required by Government six monthly, are appropriately signed and submitted within required timescales. Our review and sample testing of the November 2024 return confirmed it accurately reflects verified information/data submitted by projects. Returns however do need to be shared with Town Deal Board Members prior to submission, for overview and comments.</p> <p>Risks in respect of the Programme and its projects have been identified and formally documented. Updates on key risks, together with mitigating controls are provided by Project Leads, as part of the quarterly monitoring report. These risks together with the key risks facing the Programme are included as part of the performance monitoring submissions to Government.</p>				



Other Matters of Interest

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



Local Audit Reform: Government response to the consultation to overhaul local audit in England

The MHCLG has responded on their recent consultation on local audit arrangements in England. The response sets out plans for a Local Audit Office and other arrangements, including plans to make audit committees mandatory with at least one independent member.

[Local audit reform: Government response to the consultation to overhaul local audit in England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/local-audit-reform)



Audit Committee Update 42 (Mar 2025) – Governance of Internal Audit

This briefing explains the new Code of Practice for the Governance of Internal Audit in UK Local Government. The Code is applicable from 1 April 2025 and addresses the responsibilities of the Audit Committee and Senior management towards the Internal Audit Service.

[Audit Committee update issue 42 Governance of Internal Audit | CIPFA](#)