



CITY OF
Lincoln
COUNCIL

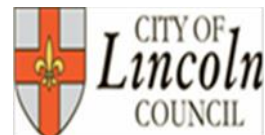
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Lincoln's ambitious future



Internal Audit Annual Report 2024/25



**City of Lincoln Council
June 2025**



CITY OF
Lincoln
COUNCIL

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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.

Purpose of Annual Report

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards (PSIAS) 2017 and the Accounts and Audit Regulations. In particular:-

- Include an opinion on the overall adequacy of and effectiveness of the Council's governance, risk and control framework and therefore the extent to which the Council can rely on it;
- Inform how the plan was discharged and the overall outcomes of the work undertaken that supports the opinion;
- A statement on conformance with the PSIAS and the results of the internal audit quality assurance;
- Draw attention to any issues particularly relevant to the Annual Governance Statement

Introduction

For the twelve months ended 31 March 2025 the Council has set out its future vision as well as encountering a number of challenges.

The new Vision 2030 document sets out the future path of the council for the next five years. In recognition of the new Leader of the Council and the recent announcement of Local Government reorganisation, the activities within the action plan have been prioritised and an 18 month long action plan has been agreed for 2025/26.

The external factors such as the cost of living and inflation have continued to have an impact on the Council both in terms of the cost of provision and the demand for services.

There have also been a number of unexpected challenges experienced this year with the crematorium, failure of the company which ran the leisure centres for the Council and also the closure of a privately owned block of flats. The sudden announcement of Local Government reorganisation was an added challenge. Each of these has tested the response and capability of the leadership team and staff to deal with unexpected issues, promptly putting in place teams and reporting structures to manage the issues.

Our combined assurance work found a slight decline in the levels of green assurance to previous years. There has been no change within the Governance, Risk and Financial control elements. The common theme throughout the Council remained as capacity due to both people and financial constraints. There continues to be loss of experienced staff at middle management level with the majority retiring rather than moving elsewhere. The recruitment challenges have improved in some areas but remains in place for others continuing to put pressure on those staff remaining.

Financially, the Council continues to be impacted by the effects of the economic climate resulting in a number of significant variances in income and expenditure. However the Council is reporting underspends on both the General Fund and HRA for 2024/25. External audit raised no concerns following their review of the accounts and there are robust processes in place for budget setting and control. The short term financial settlements is however making planning more difficult.






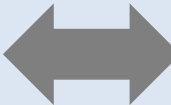


My opinion needs to take into account the impact of this on the Council's governance, risk and control environment. In doing this we rely on a number of sources of intelligence including the results of the Council's combined assurance work.

Whilst the work to be undertaken by ourselves is set out prior to commencement of the new year, it is reviewed and revised to reflect the risks faced by the Council as they change throughout the year and our resources. We formally reviewed and revised our audit plan following the half year point to reflect the impact of these.

The Internal Audit Team has been fully staffed since July 2024 and has been working on shaping the future of the service including compliance with the new Internal Audit Standards .

Annual opinion

Based on the work we have undertaken and information from other sources of assurance, my opinion on the adequacy and effectiveness of the Council's arrangements for governance, risk management and control is:-

		Direction of Travel
Governance 	Performing Well – No concerns that significantly affect the Council's governance and control framework.	
Risk 	Performing Well – No concerns that significantly affect the risk management framework.	
Internal Control 	Performing Adequately – Some improvement required to manage a high risk in a specific business area and medium risks across the Council.	
Financial Control 	Performing Well – No concerns that significantly affect the financial control framework.	

Governance



"Achieving the Intended Outcomes While Acting in the Public Interest at all Times"

It is comprised of systems, processes, culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

Governance Assurance



Assessed as Performing Well

We have assessed governance as performing well as overall the Council has good Governance processes in place.

Each year the Council is required to reflect on how its governance arrangements have worked – identifying any significant governance issues that it feels should be drawn to the attention of the public – in the interests of accountability and transparency. There were again no significant governance issues raised within the 2024/25 Annual Governance Statement (AGS). There were five areas to watch, three relating to the management of projects including the governance arrangements, seeking timely advice from internal professional services and capacity to support complex projects, and two relating to the Limited assurance Internal Audit reports, Debtors/recovery and Fleet.

Corporate Governance was rated Green by management in the 2024 Assurance Map. The

Council's Code of Corporate Governance was approved in February 2018 and has been reviewed annually until 2025 (excluding 2020). Minor changes have been made but nothing significant requiring approval.

Six monthly updates on Information Governance are reported to the Audit Committee, the last one, in December 2024, did not raise any issues. There is one risk which continues to have an assurance rating of Limited and a declining direction of travel – retention and disposal of personal data. Work is continuing to address this. E-learning refresher for all staff and Members covering cyber security was rolled out in March 2025. The Information Governance Group have met several times this year to discuss relevant matters.

An assessment of Partnership Governance for the significant partnerships has been completed with the results reported to the Audit Committee in March 2025. All but one assessment had been given a green overall status with no specific concerns.

There are a number of IT Security related policies in place which were approved in February 2022. these were due for review in March 2024 but this is still in progress.

The Audit Committee helps to ensure that governance arrangements are working effectively. They regularly review the governance framework and consider the draft and final versions of the Annual Governance Statement.

Progress continues against the actions following the review of effectiveness against CIPFA best practice. There are two actions remaining:-

- Schedule in separate meeting with External Audit and Internal Audit - not undertaken due to change of Chair and availability of previous Chair due to accident
- Risk Management training, further session - will be considered for 2025/26 to include any changes to the members.

A health check audit was completed by Internal Audit in 2023/24. This carried out an assessment against the Centre for Governance and Scrutiny (CfGS) 'Governance Risk and Resilience Framework' which presents 7 Characteristics of Good Governance. This resulted in an indicative substantial assurance rating and actions are remaining for implementation linked to the Ethics and Engagement Committee.

The combined assurance work has identified a number of areas with red or amber assurance which could have an impact on the governance of the Council. Most of these have not changed levels since last year although there has been some improvement including the procurement rules have now been re-written and approved and the vacancies within the Internal Audit Team have now all been filled. Progress has been made with the administration of Freedom of Information requests but there remains issues

with turnaround times. The 2025/26 Audit plan includes an audit of this area. There are still however capacity issues in Legal which remains as the only red.

The draft Annual report of the External Auditors did not raise any significant governance issues. The minor points raised have been reflected within the financial control assessment.

The assurance review of the Towns Fund also provided a positive result.



Good risk management is part of the way we work. It is about taking the right risks when making decisions or where we need to encourage innovation in times of major change – balancing risk, quality, cost and affordability. This put us in a stronger position to deliver our goals and provide excellent services.

Risk Management assurance



Assessed as Performing Well

We have assessed risk management as performing well as there are adequate processes in place.

An audit of Risk Management was undertaken which resulted in a Substantial audit opinion. Three recommendations were made to improve the completion of the operational risk registers, date of review and evidencing the independent review. All of these have been completed. A further low risk recommendation was made to hold risk clinics but this was not agreed due to capacity.

The Risk Management strategy was reviewed in June 2024 and presented to the Audit Committee in July along with the Annual update. As part of the annual update six actions were identified:-

- Refresh and update of E-learning on the Hub
- Engagement on the Hub providing communication updates on progress on risk management activity.
- Quarterly monitoring and review of Strategic Risk Register, Directorate Risk Registers, and Project Risk Registers.

- Engagement and participation with Greater Lincolnshire Risk Management Group and East Midlands Risk Management Group, including potential for a benchmarking exercise.
- Implementation of any actions arising from the scheduled internal audit of risk management arrangements.
- Review of Risk Management Strategy in light of development of Vision 2030.

The Council's risk management arrangements were rated as Green by management in the 2024 Assurance Map.

Training on Risk Management was completed in 2023/24 for both Members and Managers. Whilst attendance for Managers was good, only 30% of all Members attended. Three members of the Audit Committee attended including the Independent Member. Consideration of further training for Members is included as an action from the review of the Audit Committee Effectiveness.

Over the year, the Council has continued with existing arrangements to monitor and report the quarterly strategic risk management position to the Performance Scrutiny Committee and Executive with the last report being made in February 2025. The Strategic Risk Register was updated in May 2025 and is due to be reported to the next Performance Scrutiny Committee and Executive.

There are currently fifteen Strategic Risks on the register of which seven are red and eight amber. All but four have a substantial assurance status. The four with limited assurance status relate to protecting the Councils long term vision, resilience / capacity to deliver key projects and services, uncertainty around external policies on migration, early prison release and asylum dispersal and service delivery.

The risk registers reflect the risks which could happen to the Council and the recent failure of a key contractor is an example where risks do sometimes materialise despite actions taken by the council. The existence of a risk register does not prevent the risks from materialising, it provides management with an oversight of what

could happen and the controls which are in place to prevent it from happening as far as possible. Not all risks can be feasibly completely mitigated. The potential failure of key contractors is included within the risk register and is an example of a risk which cannot feasibly be completely mitigated. The identification of the risk did however mean that mitigating actions were put in place but when these proved to be insufficient action was taken promptly.

There are risk registers in other areas of Council work – major projects, IT, Information Governance, Fraud, significant Partnerships and directorate service risks. These have all been updated.



We take account of the outcome of our audit work during the 2024/25 year. As our audit plans include different activities each year it is not unexpected that assurance varies. However the assurance levels still give insight into the Council's control environment.

Internal Control assurance



Assessed as Performing Adequately

Our opinion is based on several sources of intelligence including the outcome of our internal audit work and combined assurance work. The level of assurance has overall remained the same as previous years although there are some areas which have declined.

During 2024/25 there were again two Limited assurance opinions given. See appendices 1 and 2 for full details of audits completed during the year and changes made to the plan. There is also a third audit with an indicative assurance level of Limited.

The number of High Risk recommendations made has increased this year despite the number of issued Limited assurance reports remaining the same. This is an indication of the number of control weaknesses to be addressed. The remaining audit which is to be completed will also result in further high risk recommendations.

The implementation rate remains the same as last year which is positive as there was an increase in the number of actions. A change to the process means that we are now tracking the low risk actions. There were 48 High and

Medium actions for 2023/24 compared to 105 this year. However some of these relate to reports which were at draft stage at the end of 2023/24. In total there were 135 actions agreed in 2024/25 of which 70 have been implemented. There are 11 which are overdue relating to Governance Health check (1), IT Asset Management (8) and Online services (2).

There is also 1 High (Performance) and 6 medium (Cyber Security) actions from prior years remaining to be implemented. There are currently 5 of these which are overdue, all of which have an explanation. The one high action is waiting for approval and the remaining are being progressed. These continue to be monitored through CMT and the Audit Committee. Officers have been asked to attend the Committee meetings to provide explanations and updates for the overdue actions.

The quarterly sample checks found that there remains good compliance with implementing actions as told.

The most common recommendations made this year relate to the need to document processes, ensuring that these are kept up to date, they do not contain information which could change more frequently (e.g. staff names, annual documents) and contain the appropriate version control and approval table. The impact of not having these in place is now higher as lower staffing levels reduce the cover available.

There have continued to be a number of changes to staff at the service management level

although this has slowed down compared to 2023/24.

During the year the Council reported an incident to the police in respect of the crematorium. Internal Audit were involved in some of the preliminary reconciliation work with staff which highlighted a number of weaknesses within the processes at the crematorium. Specialists were also brought in to review the processes in place and provide advice on compliance with crematoria related regulations. Internal Audit have been requested to carry out an audit of the area in 2025/26 to provide assurance that the revised processes are embedded. Following on from this the corporate management team looked into the assurance framework for the Council as a whole and have strengthened the processes in place demonstrating that management adopt a learning and improving stance.

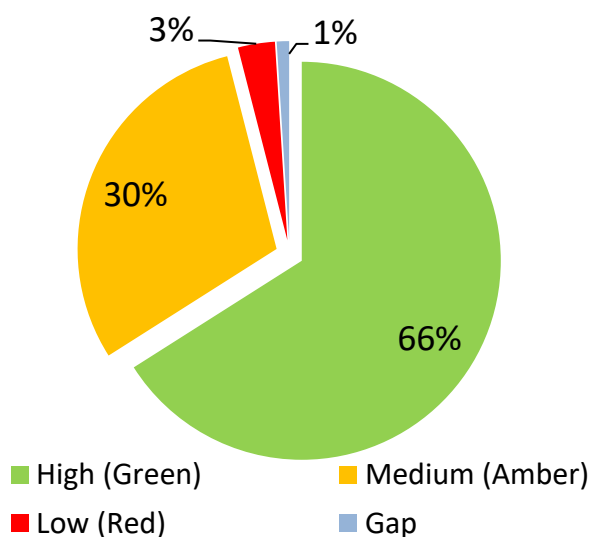
The combined assurance work found that there had not been a significant change in the levels of assurance with only a slight change of 6% from Green to Amber.



An assurance mapping exercise is completed by the Council on the level of confidence they can provide on service delivery arrangements, management of risks, operation of controls and performance for their area of responsibility. This exercise provides key assurance evidence to support the Head of Internal Audit opinion.

Combined Assurance

Overall Assurance Status 23/24



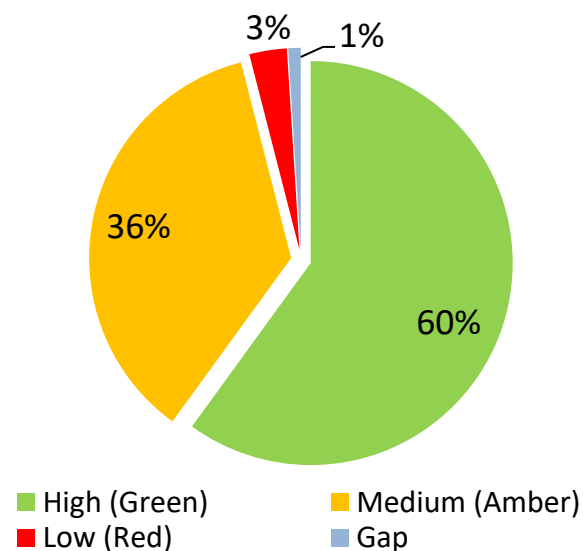
We gather the Council's assurance intelligence through an annual process across all Directorates. It provides a RAG rating assessment of the Council's Critical Activities, Key Projects and Key Risks.

Overall, there continues to be a positive assurance picture for the Council as there has been a slight change to the overall levels this year. There continues to be a high level of assurance (60%) a decrease of 6% from last year.

Critical activities identified by Management as having a low level of assurance are:-

- Building control
- Legal services
- Leisure centres
- IT Platform
- Market Operations

Overall Assurance Status 24/25



Management continue to take action to reduce the risks within these areas.



Our audit plans include providing assurance over our key financial systems, this is done on a cyclical basis; however the level of risk will also influence frequency.

Our work provides an important assurance element to support the External Auditor's opinion on the Council's Statement of Accounts.

Financial Control



Assessed as performing well

We have assessed financial control as performing well as despite the lower level of assurance provided for internal work there are other aspects of internal control covering the broader aspects which are performing well. The MTFS sets out the predicted position for the next five years and the savings targets required. This supports the opinion that financial controls continue to perform well.

During the year we have undertaken work in the following financial areas:

- Housing Benefit Subsidy – Substantial assurance
- Debtors/recovery – Limited assurance
- Key Control Council Tax Support & housing Benefits – Substantial Assurance
- Budgetary Control – Indicative - Substantial Assurance
- HAZ grant – signed off

The levels of assurance provided this year have declined slightly with there being no High assurance opinions however, it remains relatively positive. In respect of the debtors/recovery limited report the majority of the weaknesses were within a single area.

The External Audit Draft Audit Annual report raised no significant matters arising and issued

an unqualified opinion.

The combined assurance work identified most of the financial systems as being Green. There are several rated as Amber (Financial Resilience, Accountancy close down, Treasury Management, Housing Rents, Internal Audit and Counter Fraud and Council Tax). Many of these have remained the same and are linked to staff capacity and external factors.

There is a process in place for reviewing the financial position of the Council including quarterly reports to the Executive. The last one being February 2025 which was showing a predicted underspend for the year. Budgetary control training also took place this year for budget managers.

Assessments are carried out against the CIPFA Financial Management Code, identifying any actions required with progress being monitored through the Audit Committee. There were a number of actions which were not fully implemented from the 2023/24 action plan, these have been incorporated into the 2024/25 action plan:-

The 2024/25 actions are:-

- To continue to support professional development
- To recruit to remaining finance roles
- Further implementation of the business partnering model
- Options for an independent financial resilience assessment
- To revise the Communication and consultation strategies

Our Work



The Council is responsible for establishing and maintaining risk management processes, control systems and governance arrangements. Internal Audit plays a vital role in providing *independent risk based and objective assurance* and *insight* on how these arrangements are working. Internal Audit forms part of the Council's assurance framework.

Scope of Work

Our risk based internal audit plan was prepared taking into account the critical activities and key risks to support the basis of my annual opinion. It has remained flexible to enable us to respond to emerging risks and maintain effective focus.

Audit Committee approved the 2024/25 audit plan of 310 days in March 2024. The Plan was revised during the year and the days reduced to 239 due to available resources and delays in being able to complete the audits. There were also 23 days carried forward from the 2023/24 plan – see Appendix 2 for details.

We have delivered 84% of the revised plan - details of the work completed is set out in Appendix 1.

overall opinion. The combined assurance work undertaken has helped in this regard.

We have not experienced any impairment to our independence or objectivity during the conduct and delivery of the Internal Audit Plan.

Restriction on Scope

In carrying out our work we identified no unexpected restrictions to the scope of our work.

We have worked closely with the Council's senior management team to agree audit scopes and to ensure audit work is progressed.

I do not consider the changes to the plan to have had an adverse effect on my ability to deliver my



Our Work



Internal Audit's role include advisory and related service activities, the nature and scope of which are agreed with CMT, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.

Other Significant Work

During the year we completed testing of Housing Benefit Subsidy on behalf of the External Auditors, KPMG.

We completed the Combined Assurance work which maps all assurance across the Council using the 'three lines of assurance' model. This provided the Council with insight over the assurances present on its critical activities, key risks, projects and partnerships.

We have continued to provide advice and guidance to services as required.

We also:-

- Produced the six-monthly and annual fraud reports
- Carried out an assessment against the Fighting Fraud and corruption Locally checklist.
- Refreshed the Fraud Risk Register
- Administered the Whistleblowing cases
- Administered the 2024 NFI exercise.
- Completed an assessment against the revised

Internal Audit Standards.

- Carried out training for Members on the changes to the Internal Audit Standards
- Assisted in the work carried out at the crematorium
- Completed a review of the HAZ grant and signed the certificate.
- Carried out reviews of the IT Strategy, Housing standards and LinCare offering advice.



Our Work



We recognise the importance of meeting customer expectations as well as conforming to the UK Public Sector Internal Audit Standards (PSIAS). We continually focus on delivering high quality audit to our clients – seeking opportunities to improve where we can.

Quality Assurance

Our commitment to quality begins with ensuring that we recruit, develop and assign appropriately skilled and experienced people to undertake your audits.

Our audit practice includes ongoing quality reviews for our assignments. These reviews examine all areas of the work undertaken, from initial planning through to completion and reporting. Key targets have been specified - that the assignment has been completed on time, within budget and to the required quality standard.

There is a financial commitment for training and developing staff. Training provision is continually reviewed through the appraisal process and regular one to one meetings.

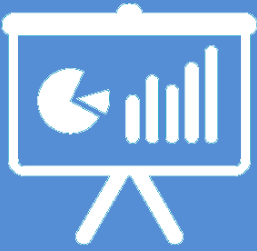
The City of Lincoln Council conforms to the 2017 UK Public Sector Internal Audit Standards and has carried out an assessment against the new Internal Audit standards 2024. An External Quality Assessment was undertaken in early 2022 and we were found to 'FULLY CONFORM'.

Our quality assurance framework helps us maintain a continuous improvement plan, which is refreshed periodically. A revised quality and assurance improvement plan has been produced and is attached as Appendix 3. This incorporates the actions required to comply with the new Internal Audit Standards as well as other

improvement measures.

External Audit

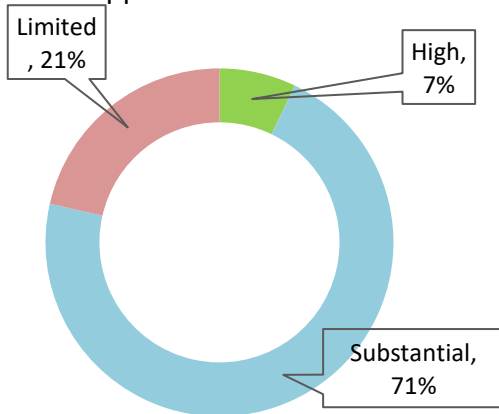
Although internal and external auditors carry out their work with different objectives in mind, many of the processes are similar and it is good professional practice that they should work together closely. Wherever possible, External Audit will place reliance and assurance upon internal audit work where it is appropriate.



Our audit plan includes different activities each year – it is therefore not unexpected that these vary; however, the assurance levels do give an insight on the application of the Council's control environment and forms part of the evidence that helped inform the overall annual opinion.

Assurances

The following shows the assurance opinions for reports issued during 2024/25 excluding those previously reported as indicative in 2023/24. There has not been a substantial change other than two pieces of consultancy work compared to none during 2023/24 . Full details are provided in Appendix 1.



Decrease in High and Substantial assurance opinions overall (from 86% to 78% - 1 report).

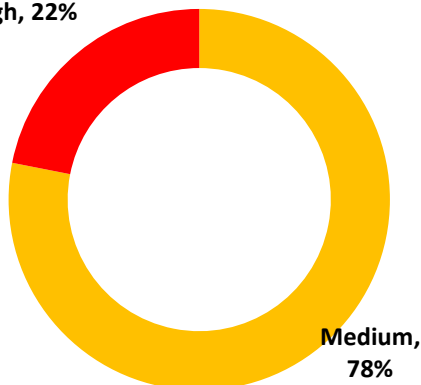


Actions

The following shows all agreed actions from reports issued during the year. There has been a substantial change in the number of agreed actions given a high risk rating. However there were a number of reports last year where the reports had not been finalised and the actions were not included so have been included this year.

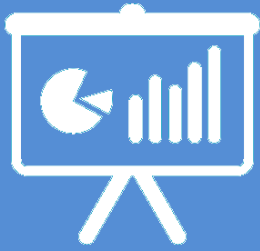
Medium priority agreed actions have decreased (from 98%)

High, 22%



Implemented agreed actions have remained the same 52%.

High priority agreed actions have increased (from 2%)

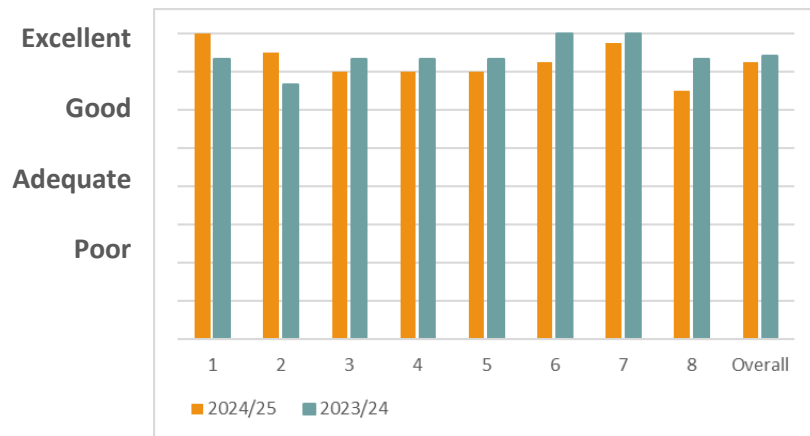


Internal Audit's performance is measured against a range of indicators. Our client feedback continues to be rated excellent.

Performance on Key Indicators

Progress has been made to improve performance against the performance indicators set at the beginning of the year. Whilst the targets are not yet being achieved, most of the indicators are showing an improvement on 2023/24. The vacancies and additional training time have impacted on the performance of the team and whilst it is now fully staffed it is anticipated that performance will continue to be impacted by the additional training time. Satisfaction with our services remains high although has declined slightly in some areas, we received 8 responses this year compared to 3 for 2023/24. We have completed 84% of the revised plan.

Client Feedback – Post Audit Questionnaire Results



Audit Planning

1. Consultation on audit coverage
2. Fulfilment of scope and objectives

Audit Report

3. Quality of report
4. Accuracy of findings
5. Value of Report

Communication

6. Feedback during the audit
7. Helpfulness of auditor (s)
8. Prompt delivery of report

Comments highlighting areas for improvement

Slight delay in issuing the final report for reasons unknown.

Circulation of the report to auditee first before Manager.

Further discussion needed before final report could be issued.

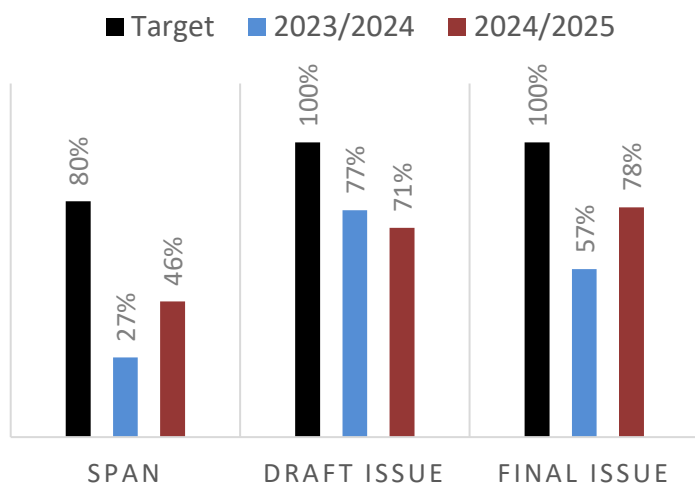


Benchmarking



We are pleased to report a good level of achievement in the delivery of the revised plan, but we recognise that improvements are required in the time taken to undertake audits (Span) and obtaining management responses.

Timeframes



There has been some improvement in the span of the audits although the target has not been achieved. There are a number of reasons including the time taken for the trainee to complete the audit and the support required. For the Manager there are other competing demands between audit and other work.

Progress is being made on obtaining responses from management since the process was revised. The process was revised part way through the year. We will continue to raise the profile of this to increase the numbers for 2025/26. The impact of these delays means that our reports are not being issued in a timely manner and additional resources are taken up chasing responses.

84%
Of the plan
delivered

56%
Management
Responses received
within 10 days

The following Audits have been completed during 2024/25:-

Audit Details	Rating	Type	Agreed Actions				
			Agreed				Implem ented
			H	M	L	Total	
2022/23 IT Asset Management	Limited Assurance	Risk Based Audit	0	11	0	11	3
2023/24 VAT/Tax	High	Risk Based Audit	0	1	0	1	0
2023/24 Council Tax	Substantial	Risk Based Audit	0	5	1	6	4
2023/24 Treasury Management	Substantial	Risk Based Audit	0	2	0	2	2
2023/24 Contract Management	Limited Assurance	Risk Based Audit	2	19	0	21	21
2023/24 Governance Health Check	Substantial	Health Check	0	5	0	5	1
2023/24 UK Shared Prosperity	In progress	Risk Based Audit	N/A	N/A	N/A	N/A	N/A
2023/24 Digital	Substantial	Risk Based Audit	0	3	0	3	1
2023/24 Access Control	Indicative - Substantial	Risk Based Audit	N/A	N/A	N/A	N/A	N/A
2023/24 Follow-ups	High	N/A	0	0	0	0	0
HB Subsidy	Substantial	N/A	0	1	0	1	1
Budget Management	Indicative - Substantial	Risk Based Audit	N/A	N/A	N/A	N/A	N/A
Debtors	Limited Assurance	Risk Based Audit	7	3	5	15	1
Housing Benefits and Council Tax Support – Key control	Substantial	Risk Based Audit	0	4	6	10	1
Business Continuity	Substantial	Risk Based Audit	0	5	2	7	4
Risk Management	Substantial	Risk Based Audit	0	2	1	3	3
Contract Management F/U	Substantial	Risk Based Audit	2	1	0	3	3
Market Operations	Indicative - Limited	Risk Based Audit	N/A	N/A	N/A	N/A	N/A
Fleet	Limited Assurance	Risk Based Audit	9	9	6	24	20
Housing Assistance (DFGs etc)	Substantial	Risk Based Audit	0	6	5	11	1
Western Growth Corridor	Not started	N/A	N/A	N/A	N/A	N/A	N/A
GSW26	In progress	Risk Based Audit	N/A	N/A	N/A	N/A	N/A
Towns Fund	Substantial	Risk Based Audit	0	3	3	6	2
Strategy and Infrastructure	In progress	Consultancy	N/A	N/A	N/A	N/A	N/A
ICT Support and helpdesk service	Not started	Risk Based Audit	N/A	N/A	N/A	N/A	N/A
LinCare (New)	N/A	Consultancy	3	2	1	6	2
HAZ Grant (New)	N/A	Consultancy	0	0	0	0	0
Housing Safety and Quality Standard	In progress	Consultancy	N/A	N/A	N/A	N/A	N/A
		TOTAL	23	82	30	135	70

The approved Plan for 2024/25 was 310 days. The revised plan approved at the September Audit Committee made a number of changes including the incorporation of the remaining plan days from 2023/24 resulting in a total revised plan of 314.5 days. The audits of Project Management, Housing Strategy and Western Growth Corridor -2, were removed.

Following this further changes were made to remove the following audits:-

- Corporate Planning – Vision 2030 – postponed due to capacity within the service area.
- Planned Maintenance – this was removed and replaced, at the request of management, with an audit of the Housing Safety and Quality Standard which covers some elements of planned maintenance so would be duplication.
- Homelessness– postponed due to capacity within the service area and the appointment of a new manager.
- Parking Services –postponed due to capacity within the service area.
- Protection of vulnerable people – postponed due to capacity within the service area.
- Crematorium review – additional request from management to support the initial investigation work.
- HAZ grant – additional request from

management to review the supporting information and sign the grant form.

The postponed audits have not all been replaced due to the timing of the postponement and capacity within the team. The team has spent a greater number of days in supporting the Auditor and implementing the new standards than anticipated.

Additional time was spent on the limited assurance audits to obtain further evidence and discuss the findings in more depth.

This resulted in a plan of 262 days for 2024/25. Whilst this is considerably lower than the plan, it is considered that there is enough coverage to provide an opinion in conjunction with the combined assurance work and sight of the external reviews carried out.

The annual audit plan remains flexible with a process to postpone and change audits. This means we can adapt our plan and coverage to emerging risks but maintain control and transparency on changes which must be approved by management, the S151 Officer and the Audit Committee.

No.	Action	Responsibility	Completion Date
Objective 1 - Provide Members and Management with independent, risk-based and objective assurance, advice and foresight			
1.1	<p>Revise practice notes to form an Audit manual incorporating all of the changes required by the standards and changes to the working practices. Including:-</p> <ul style="list-style-type: none"> • Protection of information and reviews of access to information. • Production and review of the strategy • Quality reviews • Reference to the standard addressing • Version control / control of updates • Process for changes to the plan • Risk assessment process • Stakeholder relationships • Errors and/or omissions within the final report <p>Communicate to Internal Audit staff and schedule training.</p>	Audit Manager	Aug 2025
1.2	Review assurance mapping process to clarify and document the other assurance and advisory roles and responsibilities and reliance on their work.	Audit Manager	Sept 2025
1.3	Review ways in which to raise the profile of Internal Audit and communicate with stakeholders. Consider links and postings on the Hub, presentations, attendance at meetings.	Audit Manager / Principal	Mar 2026
1.4	Consider improvements to the process for completion of the plan for ensuring adequate coverage, audits completed on time and engagement with auditees.	Audit Manager / Principal	Mar 2026
Objective 2 - Comply with the Standards and other regulations relating to the Internal Audit Service			
2.1	<p>Revise the Post Audit Questionnaire to include the following:-</p> <p>Honesty and professional courage</p> <p>Objectivity of auditors</p> <p>Due professional care</p>	Audit Manager	May 2025
2.2	Review processes to show that the ethics related objectives, risks and control processes have been considered.	Audit Manager / Principal	June 2025
2.3	<p>Revise the Annual report to ensure compliance with the standards. Include:-</p> <ul style="list-style-type: none"> • how the service complies with the revised standards and areas where it cannot comply due to legislation etc. • reference to management inclusion in discussions of the objectives and performance. • themes and root cause 	Audit Manager	June 2026

No.	Action	Responsibility	Completion Date
2.4	Formally discuss the new requirements of Domain III with CMT.	Audit Manager	July 2025
2.5	Carry out quarterly quality reviews of compliance with the audit manual and standards.	Audit Manager	July 2025
Objective 3 - Maintain an Internal Audit Team which demonstrates integrity, honesty and professional courage and behaves in an ethical and professional manner			
3.1	Revise the Annual audit report to include a comment from management on the honesty and courage of internal auditors.	Audit Manager	Jun 2026
3.2	All staff to attend education and training on ethics.	Audit Manager / Principal / Auditor	July 2025
3.3	All staff to attend training on objectivity	Audit Manager / Principal / Auditor	Sept 2025
3.4	Devise a process for communicating ethical related issues including illegal and unprofessional behaviour to Line management and where applicable to the Audit Committee, CMT and External Audit in accordance with policies, legislation etc. Include the process within the Audit Manual.	Audit Manager	July 2025
3.5	Revise the audit checklist to include ethics, due professional care, objectivity and understanding of DP and information management related issues.	Audit Manager	Jun 2025
Objective 4 - Ensure processes, skills and knowledge are kept up to date supporting continuous improvement			
4.1	a) Annual skills assessment and training plans including CPD and ethics to be drawn up for all members of the team including self-assessments. b) Once in place training plans to be monitored through the 1-2-1's and appraisal processes.	Audit Manager / Principal	Jun 2025 Jul 2025
4.2	CPD to be completed and records maintained including completion of the Training sheet with all training undertaken and evidence of attendance attached.	Audit Manager / Principal / Auditor	May 2025
4.3	Complete and document training on the Council's governance, risk management and control processes.	Audit Manager / Principal / Auditor	Dec 2025
4.4	Continue to review the PAQ process and look at ways to improve completion of the questionnaires and linking the comments back to improvements.	Audit Manager / Principal	Mar 2024
4.5	All staff to attend training on effective communication.	Audit Manager / Principal / Auditor	Dec 2025

Last Update: April 2025

Last Reported to Audit Committee: June 2025

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.

Significance

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Head of Internal Audit Annual Opinion

The rating, conclusion and/or other description of results provided by the Head of Internal Audit addressing, at a broad level, governance, risk management and/or control processes of the organisation. An overall opinion is the professional judgement of the Head of Internal Audit based on the results of a number of individual engagements and other activities for a specific time interval.

Governance

Comprises the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the outcomes for intended stakeholders are defined and achieved.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Control

Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management - plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Impairment

Impairment to organisational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel and properties and resource limitations (funding).