



WEST LINDSEY DISTRICT COUNCIL

Internal Audit Plan 2024/25

Presented at the Governance and Audit Committee meeting of: 16 April 2024

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CONTENTS

Executive summary 3

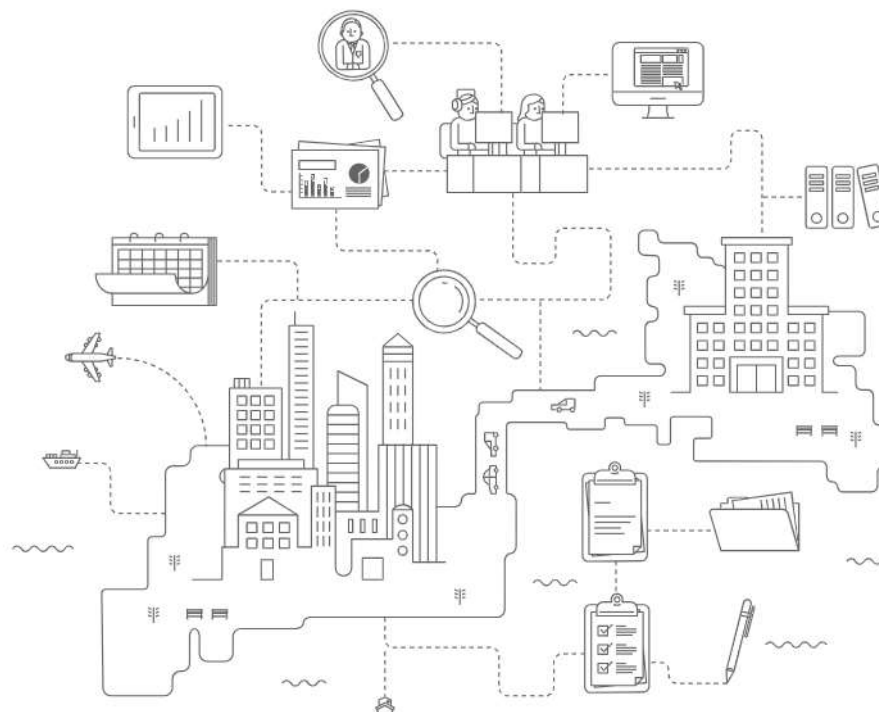
1.1 Internal Audit Plan 2024/25..... 5

1.2 Internal Audit Methodology 8

Appendices

2.1 Your Internal Audit Service 10

2.2 Internal Audit Charter..... 11



EXECUTIVE SUMMARY

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting West Lindsey District Council in the year ahead, including changes within the sector.

Our Internal Audit Plan for West Lindsey District Council is presented for approval by the Governance and Audit Committee at this meeting. The Committee are asked to approve the Internal Audit Plan and associated Internal Audit Charter. During the year, we will continue to work with management and hold regular meetings to deliver an internal audit programme which remains flexible and agile to ensure it meets your needs.

The key points to note from our plan are:



Your core team are Rob Barnett (Head of Internal Audit) and Aaron Macdonald (Client Manager) who are supported by specialists, as required.



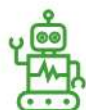
Number of deliverables: 12 (including two follow up audits).



Flexible and agile approach to deliver in order to respond to your needs.



140 days internal audit plan.



Technology toolkit – 4 questionnaires, Alteryx, PowerBi

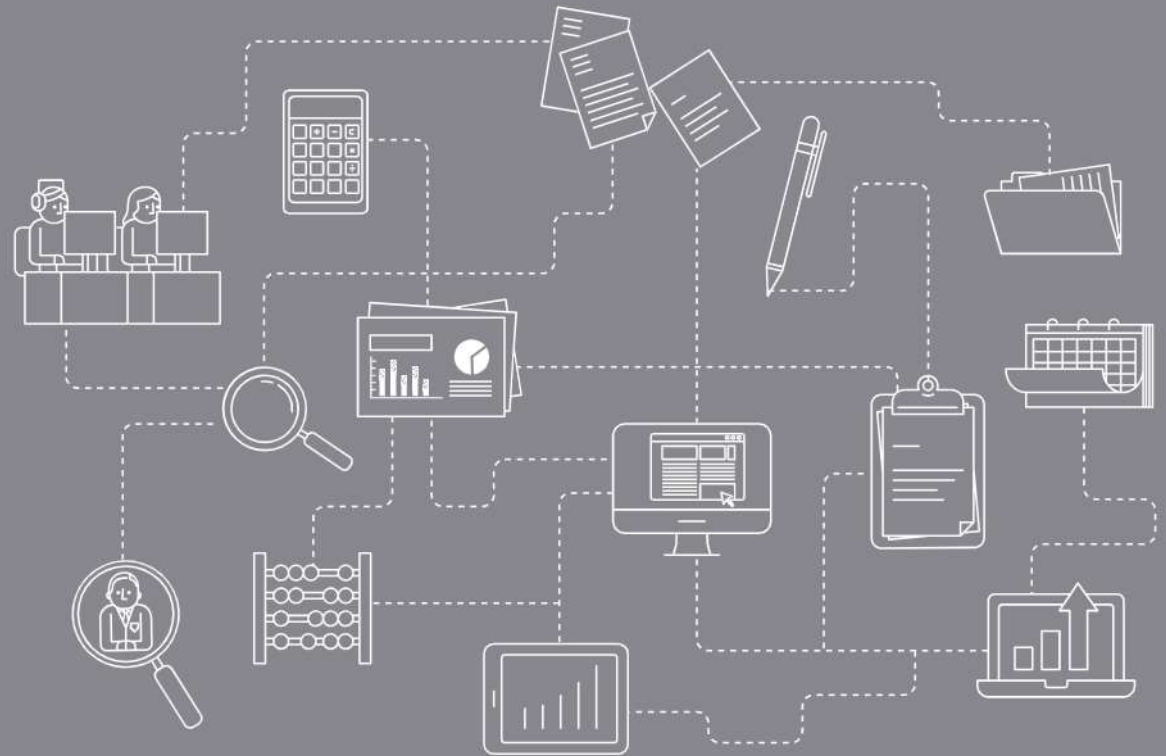


Internal Audit Charter, at Section 2.2.

'RSM generally conforms* to the requirements of the IIA Standards' and RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics'.

Annual Internal Audit Plan and Methodology

01



1.1 INTERNAL AUDIT PLAN 2024/25

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2024/25. The table details the strategic risks which have focused our internal audit coverage. This review of your risks allows us to ensure that the proposed plan aligns with the organisation's assurance needs for the forthcoming and future years.

	Audit approach	Days	Proposed timing	Proposed Governance and Audit Committee Reporting
Risk Based Internal Audit Coverage				
Strategic Risk: ICT Security and Information Governance arrangements are ineffective				
IT Operations The objective of the review is to consider the extent to which management have plans in place to ensure that the infrastructure is robust and fit for purpose, and operates in a secure environment to identify areas which may require further management attention or investment.	Risk based	16 days	17 June 2024	16 July 2024
Strategic Risk: Inability to maintain service delivery with the amount of change initiatives				
Project and Programme Management We will assess the controls and processes in place for how the Council manage projects and programmes, with particular focus on the implementation phase through to lessons learned and how the Council manage the capacity for change.	Risk based	13 days	2 January 2025	11 March 2025
Strategic Risk: The quality of services does not meet customer expectations				
Customer Experience Strategy Following the introduction of the new Customer Experience Strategy, this review will assess the rollout and communication of the Customer Experience Strategy to assess how it is being embedded and delivered in line with the objectives outlined.	Risk based	8 days	27 January 2025	11 March 2025

	Audit approach	Days	Proposed timing	Proposed Governance and Audit Committee Reporting
Strategic Risk: Inability to maintain critical services and deal with emergency events				
<p>Emergency Planning / BCP</p> <p>This review will consider processes to ensure that arrangements and documented procedures are in place to minimise disruptions and maintain services, along with continuity of operations within the Council in the event of a critical incident.</p>	Risk based	9 days	24 February 2025	22 April 2025
Core Internal Audit Coverage				
<p>Risk Management</p> <p>Risk management is a core component of the Council's internal control system and a means of addressing and monitoring the key risks that threaten the achievement of the Council's objectives.</p> <p>We will review the Council's risk management framework at a strategic and operational level, and how risks are managed and escalated.</p>	System based	10 days	19 August 2024	24 September 2024
<p>Combined Assurance</p> <p>Combined assurance is a structured means of identifying and mapping the main sources and types of assurance in the Council and coordinating them to best effect. This review will build upon the similar reviews conducted in prior years.</p>	Agreed upon procedures	17 days	18 November 2024	21 January 2025
<p>Purchasing and Creditors</p> <p>This review will assess compliance with the procurement and purchasing processes in place to ensure the Council are seeking value for money, and purchases are authorised in line with delegated authorities. We will also assess compliance with key controls for amendments to supplier data.</p>	System based	9 days	28 May 2024	16 July 2024
<p>Procurement</p> <p>Following the procurement review conducted in 2023/24, this review will be performed to follow up the previous actions and conduct additional testing in these areas.</p>	System based	7 days	4 November 2024	21 January 2025

	Audit approach	Days	Proposed timing	Proposed Governance and Audit Committee Reporting
<p>Staff Appraisal Process</p> <p>This review will assess the procedures in place for ensuring all staff receive a timely appraisal and these appraisals are conducted in a consistent manner across the Council.</p>	System based	7 days	9 September 2024	26 November 2024
<p>Complaints Handling</p> <p>Our review will cover compliance with the Council's policy and procedure for handling complaints with consideration for how complaints are received, reviewed and managed in accordance with agreed policy and procedure.</p> <p>The audit will look at the governance structure in place to support the review, escalation and reporting of complaints to ensure there is sufficient oversight and accountability. This will include the arrangements for parish Councils and the code of conduct in place.</p>	System based	7 days	25 November 2024	21 January 2025
Other Internal Audit Activity				
<p>Management</p> <ul style="list-style-type: none"> Annual planning; Preparation for, and attendance at, Governance and Audit Committee; Regular liaison and progress updates; Liaison with external audit and other assurance providers; and Preparation of the annual opinion. 		25 days	Throughout the year	
<p>Follow Up 1</p> <p>To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management. This will comprise of two reviews.</p>		6 days	22 July 2024	24 September 2024
<p>Follow Up 2</p> <p>To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.</p>		6 days	17 March 2025	22 April 2025

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

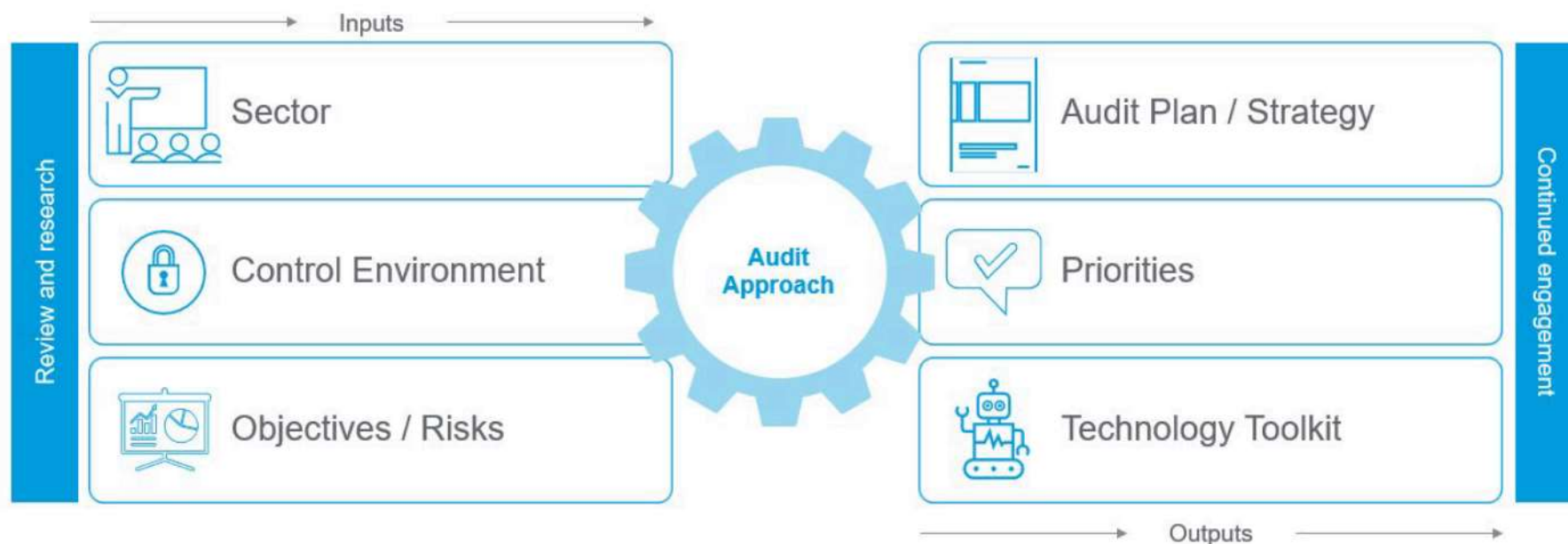
1.2 INTERNAL AUDIT METHODOLOGY

Our approach to developing your internal audit plan is based on analysing your organisational objectives, risk profile and assurance framework as well as other factors affecting West Lindsey District Council in the year ahead, including changes within the sector. We also discuss audit priorities and coverage with management and the Governance and Audit Committee.

Risk management processes

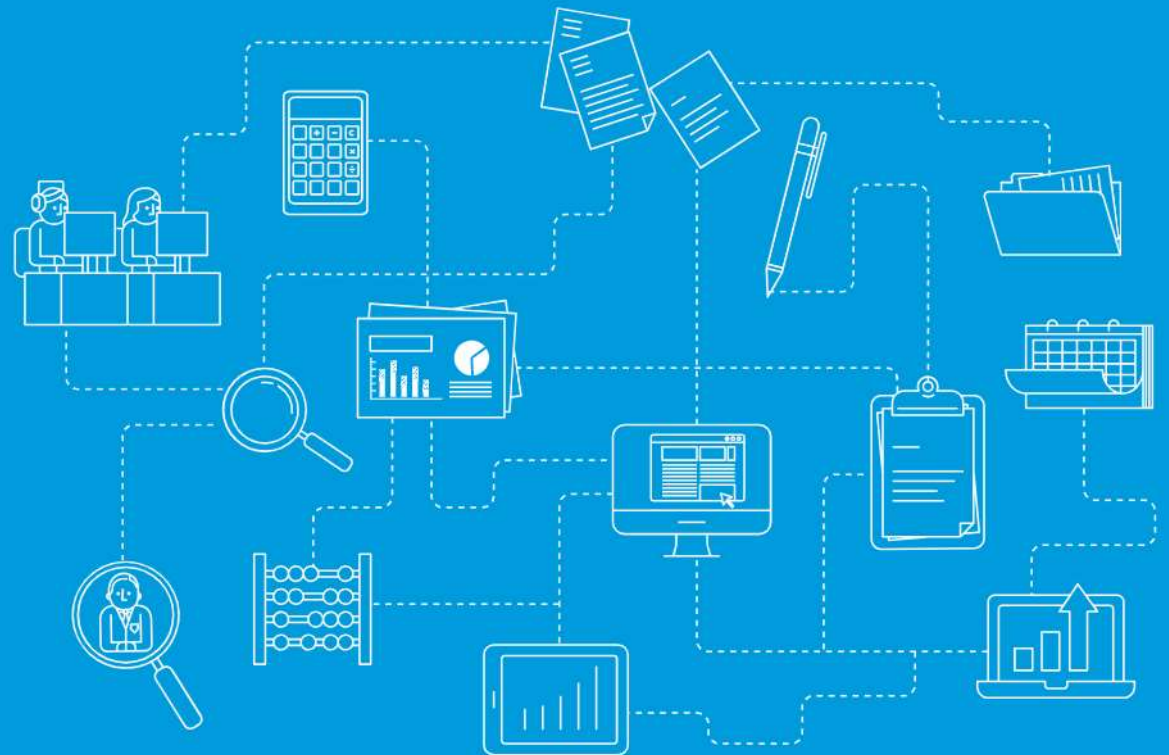
We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with the Executive Management Team to develop your annual audit plan and high-level strategic plan.

Figure A: Audit considerations when developing the Internal Audit Strategy.



Your Internal Audit Service and Internal Audit Charter

02



2.1 YOUR INTERNAL AUDIT SERVICE

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA, on which PSIAS is based.

The external review concluded that RSM 'generally conforms*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

Working with other assurance providers

The Governance and Audit Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the Council.

We will however continue to work closely with other assurance providers, such external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

2.2 INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for West Lindsey District Council. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Governance and Audit Committee.

The internal audit service is provided by RSM UK Risk Assurance Services LLP ('RSM').

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- [Core principles for the professional practice of internal auditing](#)
- Code of ethics
- Definition of internal auditing
- The Standards

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight".

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Rob Barnett (acting as your Head of Internal Audit). The independence of RSM is assured by the internal audit service reporting to the Chief Executive, with further reporting lines to the Director of Corporate Resources.

The Head of Internal Audit has unrestricted access to the Chair of Governance and Audit Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to West Lindsey District Council. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Governance and Audit Committee. The nature of the disclosure will depend upon the potential impairment, and it is important that our role

does not appear to be compromised in reporting the matter to the Governance and Governance and Audit Committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Governance and Audit Committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Governance and Audit Committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the Governance and Audit Committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Executive Management - who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.
- Council - The highest-level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, 'board' may refer to a committee or another body to which the governing body has delegated certain functions (e.g. a Governance and Audit Committee).

Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope four weeks before the agreed audit start date.
- Key information such as the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 10 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 15 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / Huddle.
- Management responses to the draft report should be submitted to RSM.
- Within five working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Governance and Audit Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The Head of Internal Audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Governance and Audit Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Governance and Audit Committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM UK Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the Governance and Audit Committee.

Fraud

The Governance and Audit Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Governance and Audit Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the Governance and Audit Committee is also approving the internal audit charter.

FOR FURTHER INFORMATION CONTACT

Rob Barnett, Head of Internal Audit

Aaron Macdonald, Manager

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Email: Aaron.Macdonald@rsmuk.com

We are committed to delivering an excellent client experience every time we work with you. If you have any comments or suggestions on the quality of our service and would be happy to complete a short feedback questionnaire, please contact your RSM client manager or email admin.south.rm@rsmuk.com.

rsmuk.com

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of West Lindsey District Council and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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