



WEST LINDSEY DISTRICT COUNCIL

Internal Audit Progress Report

26 November 2024

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KEY MESSAGES

The internal audit plan for 2024/25 was approved by the Governance and Audit Committee at the 16 April 2024 meeting. This report provides an update on progress against the plan and summarises the results of our work to date.



We have issued two final reports as part of the internal audit plan since the Governance and Audit Committee meeting in July 2024. These are Staff Appraisal Process (3.24/25) and Risk Management (4.24/25).

- Details of the progress made against the internal audit plan are included at Appendix A. [\[To note\]](#)
- Fieldwork dates have been agreed with management for all of the internal audits scheduled for 2024/25 to ensure that all fieldwork will be completed by the end of the year, and our Head of Internal Audit Opinion can be provided at the first meeting of the 2025/26 financial year. [\[To note\]](#)
- There have been no amendments to the internal audit plan since the last meeting. [\[To note\]](#)

Appendices

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APPENDIX A: PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2024/25

Assignment and Executive Lead	Status / Opinion issued	Actions agreed				Target Governance and Audit Committee meeting	Actual Governance and Audit Committee meeting
		Advisory	Low	Medium	High		
IT Operations	Final Report Issued / Reasonable Assurance	0	2	3	0	September 2024	September 2024
Follow Up 1	Final Report Issued / Reasonable Progress	0	8	0	0	September 2024	September 2024
Staff Appraisal Process	Final Report Issued / Reasonable Assurance	0	3	2	0	November 2024	November 2024
Risk Management	Final Report Issued / Reasonable Assurance	2	6	3	0	November 2024	November 2024
Purchasing and Creditors	Audit Commencing 14 October 2024 – Fieldwork Complete					November 2024 ¹	-
Procurement	Audit Commencing 25 November 2024 – Scope Agreed					January 2025	-
Combined Assurance	Audit Commencing 18 November 2024 – Scope Agreed					January 2025	-
Complaints Handling	Audit Commencing 25 November 2024 – Scope Agreed					January 2025	-
Project and Programme Management	Audit Commencing 27 November 2024 – Scope Agreed					January 2025	-
Customer Experience Strategy	Audit Commencing 27 January 2025					March 2025	-
Emergency Planning / BCP	Audit Commencing 24 February 2025					April 2025	-
Follow Up 2	Audit Commencing 17 March 2025					April 2025	-

¹ Due to the timing of producing these papers (23rd October) the audit report was yet to be produced and therefore will be presented to the January committee.

APPENDIX B: OTHER MATTERS

Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

As part of the Quality Assessment and Improvement Programme, none of your files were selected for Internal Quality Monitoring programme during 2024/25. From the results of the reviews undertaken across our client base, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

Post assignment surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you. Following the completion of each product, we include a link to a brief survey in each report we issue.

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you.

Currently, following the completion of each product we deliver we attached a brief survey for the client lead to complete.

APPENDIX C: KEY PERFORMANCE INDICATORS

	Delivery			Quality		
	Target	Actual	Notes*	Target	Actual	Notes*
Audits commenced in line with original timescales*	Yes	Yes	Conformance with PSIAS	Yes	Yes	
Draft reports issued within 10 days of debrief meeting	10 working days	6 working days (average)	Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	Yes	
Management responses received within 10 days of draft report	10 working days	14 working days (average)	Response time for all general enquiries for assistance	2 working days	2 working days	
Final report issued within 3 days of management response	3 working days	3 working days (average)	Response for emergencies and potential fraud	1 working day	N/A	

Notes

This takes into account changes agreed by management and the Governance and Audit Committee during the year. Through employing an agile or a flexible approach to our service delivery we are able to respond to your assurance needs.

FOR FURTHER INFORMATION CONTACT

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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.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

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





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AUDIT OUTCOME OVERVIEW – STAFF APPRAISAL PROCESS

Conclusion: Our audit confirmed that the Council has an Appraisee / Appraiser Guidance document in place to provide support to staff members in undertaking appraisals, alongside also holding Leadership Development Workshops for line managers to provide further guidance. Through sample testing we confirmed that there is a process in place to review the prior years' performance, and ensure the objectives set for forthcoming year are in line with the objectives of Council / Service / Directorate. In addition, our review confirmed that the Council's training plan is built on the training requests received from appraisals, supported by rationale, including costs, and expected benefits.

However, through sample testing of 20 staff, we found there were instances where staff have not completed appraisal in the agreed timeline, have not completed an appraisal, or there is inconsistency between appraisal forms in place. In addition, testing identified that for some staff members, the role descriptors were not reflecting the current job role and duties. Furthermore, currently there is no reporting to senior management or forum on the staff appraisal process for oversight. As a result of our review, we have agreed two medium and three low priority management actions.

Internal audit opinion:

 Minimal Assurance	 Partial Assurance	 Reasonable Assurance	 Substantial Assurance	<p>Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p> <p>However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).</p>
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Audit themes: Policies and / or procedures

- The Council has a Performance and Development Appraisal Policy in place, however, this was last reviewed and updated in 2011 and therefore requires updating. **(Low)**

Non-compliance with procedures

- We selected a sample of 20 employees and noted seven staff had not yet conducted appraisal in 2024; five staff did not return the appraisal forms to the HR Team for record keeping; and three staff members' appraisal forms were not signed by either appraiser or appraisee. **(Medium)**
- We selected a sample of 20 employees and found for four staff members, their job descriptor was not signed for confirmation of agreement of the role; and for four staff members, the job title on job descriptors were different from their current job position. **(Low)**

Consistency of appraisals

- Due to capacity within the HR Team, currently there is no moderation of appraisals being conducted to ensure consistency and our testing identified the number of objectives ranged from four to nine, and the level of detail recorded within appraisals differed from employee to employee. **(Low)**

Governance and Reporting

- Currently there is no reporting to senior management or forum on the staff appraisal process for oversight. Through review of the appraisal completion report compared to a staff list as at 31 March 2024, **(Medium)**

SUMMARY OF MANAGEMENT ACTIONS

High

Immediate management attention is necessary.

Medium

Timely management attention is necessary.

Low

There is scope for enhancing control or improving efficiency.





Ref	Action	Priority	Responsible Owner	Date
1	Management will review and update the Performance and Development Appraisal Policy where necessary, to ensure it reflects the current practices. The policy will be reviewed and approved by the Management Team.	Low	People Services Manager	30 September 2025
2	<p>Management will remind Team Leaders, Line Managers and other staff members of:</p> <ul style="list-style-type: none"> • Returning the appraisal form to the HR Team once completed; • Signing the appraisal form once completed; • Signing the individual development plan / training requests once approved; and • Completing the annual appraisals within the set timeline. <p>Where non-compliance is identified, this will be escalated through a reporting and monitoring mechanism.</p>	Medium	People Services Manager	28 February 2025
3	<p>Management will consider whether it is beneficial to implement a process of moderation of appraisals.</p> <p>Management will analyse staff performance data from appraisals to identify if there is any trend or key areas for staff future improvement.</p>	Low	People Services Manager	30 September 2025
4	Management will review and ensure that the role descriptors reflect the most current job position and duties of the staff members.	Low	People Services Manager	28 February 2025
5	<p>Management will consider reporting on the staff appraisal process for oversight, including elements such as:</p> <ul style="list-style-type: none"> • Completion status: Appraisal completion rate; outstanding/incomplete appraisals; completion deadlines; • Performance Trends: i.e. Departmental / Team; • Promotions; or • Employee engagement and feedback. 	Medium	People Services Manager	30 June 2025

AUDIT OUTCOME OVERVIEW – RISK MANAGEMENT

Conclusion: The Council has a well embedded governance structure in place to ensure strategic risks are considered and reviewed at a Management Team level on a monthly basis and at a Governance and Audit Committee level on a quarterly basis. Review of meeting minutes confirmed that risk owners are challenged on control responses, risk scoring and action responses. In addition, at each quarterly Governance and Audit Committee meeting, members are asked to consider any emerging or new risks which may need to be added to the Strategic Risk Register, enabling effective horizon scanning.

There are opportunities for the Council to enhance the maturity of its risk management arrangements and the Director of Corporate Services is currently in the process of revising the Council’s Risk Management Strategy. Opportunities for enhancement include implementing an inherent, residual and target scoring approach, including more in-depth descriptions for control mitigations in place to ensure focused action responses, and aligning risk appetite to the strategic risks. A total of six low and three medium priority actions have been agreed to support the Council in enhancing risk management arrangements.

Internal audit opinion:

 Minimal Assurance	 Partial Assurance	 Reasonable Assurance	 Substantial Assurance	<p>Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p> <p>However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).</p>
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- Audit themes:**
- **Strategic Risks:** The Strategic Risk Register dated August 2024 has 18 strategic risks listed. Review of these risks identified opportunities to condense or combine risks and strengthen risk descriptions to ensure they are focused to allow for effective control and risk management. In addition, some risks listed appeared to be risks facing the local area or district, rather than risks that would directly impact the Council’s operations. We typically recommend clients having 10 to 12 strategic risks, ensuring the Management Team and Council can focus on the most pertinent risks. **(Medium)**
 - **Risk Scoring:** The Council does not currently use inherent risk, residual risk and target risk scores, and the approach to risk scoring in the Strategic Risk Register does not align to that defined in the Risk Management Strategy 2019-2023. Risk scoring is not always consistently applied based on the current controls in place. Using an inherent, residual and target risk scores would ensure the Council adopts a more systematic approach. **(Medium)**
 - **Controls:** We noted some current controls are vague and do not explicitly describe the control framework in place. Expanding control descriptions would clearly outline whether key triggers are addressed or whether further action response is required to address the identified risk. **(Medium)**

SUMMARY OF MANAGEMENT ACTIONS

High

Immediate management attention is necessary.

Medium

Timely management attention is necessary.

Low

There is scope for enhancing control or improving efficiency.

Ref	Action	Priority	Responsible Owner	Date
1	The Risk Management Strategy will be reviewed and presented for approval by the Governance and Audit Committee. The key findings of this review will be considered when developing the new strategy.	Low	Director of Corporate Services	31 December 2024
2	The Strategic Risk Register will be updated to include job titles for risk owners.	Low	Director of Corporate Services	31 December 2024
3	In line with the development of the new Risk Management Strategy, the Council, Governance and Audit Committee, and Management Team will carry out an exercise to holistically review the Strategic Risk Register. Supporting material provided as part of this audit may be useful in considering the key risks facing the Council and its achievement of objectives within the Corporate Plan.	Medium	Director of Corporate Services	31 March 2025
4	The Council will implement a risk reference for each strategic risk and operational risks within the same area to embed a systematic approach.	Low	Director of Corporate Services	31 December 2024
5	Following the completion of the consultation on the risk appetite statement, risk appetite will be considered for each risk in the Strategic Risk Register. The appetite of each risk will be detailed in the register, ensuring target scores assigned to each risk align to the risk appetite of the Council.	Low	Director of Corporate Services	31 December 2024
6	In line with the development of the new Risk Management Strategy, the Council will consider implementing an inherent, residual and target risk approach. The Council may opt to use different terminology for this approach, but this will be clearly defined within the Risk Management Strategy and consistently applied. Scores on the Strategic Risk Register will be reviewed following the implementation of the new Risk Management Strategy and risk review under Management Action 3, ensuring the scores are calculated using the defined approach.	Medium	Director of Corporate Services	31 March 2025

Ref	Action	Priority	Responsible Owner	Date
7	The reported version of the Strategic Risk Register will be updated to include direction of travel and action response. Risk scores will be reviewed in line with the direction of travel supporting a dynamic risk management approach.	Low	Director of Corporate Services	31 December 2024
8	In conjunction with Management Action 3, the Management Team will review the key triggers assigned to each risk to ensure they fully cover the potential triggers. The Management Team will review all controls and ensure these are explicitly detailed so that it is clear how these align to the risk and triggers. Actions will be identified where current controls are not in place or require further enhancement.	Medium	Director of Corporate Services	31 December 2024
9	The Strategic Risk Register will be updated to include a clear status on the completion of actions.	Low	Director of Corporate Services	31 December 2024

OTHER SUGGESTIONS FOR IMPROVEMENT

Ref	Suggestion	Priority
10	<p>The Council may consider outlining sources of assurance against each risk and include onto the Strategic Risk register to support in identifying any gaps in assurance and action required to reduce these gaps.</p> <p>The Council may consider implementing a three lines of assurance model approach as a longer term objective.</p>	Suggestion
11	<p>The Council could consider enhancing strategic reporting by:</p> <ul style="list-style-type: none">• Including a summary of highest scoring risks and a direction of travel to show where risk scoring has increased;• Providing an annual risk report to members as an overview of the financial year key risks, including consideration of any new and emerging risks for the year ahead; and• Nominating key risks to dedicated members to facilitate deep dive sessions and provide greater assurance to the Governance and Audit Committee on the arrangements in place to manage risks.	Suggestion