



## WEST LINDSEY DISTRICT COUNCIL

### Internal Audit Plan 2025/26

Presented at the Governance and Audit Committee meeting of: 22 April 2025

This report is solely for the use of the persons to whom it is addressed.

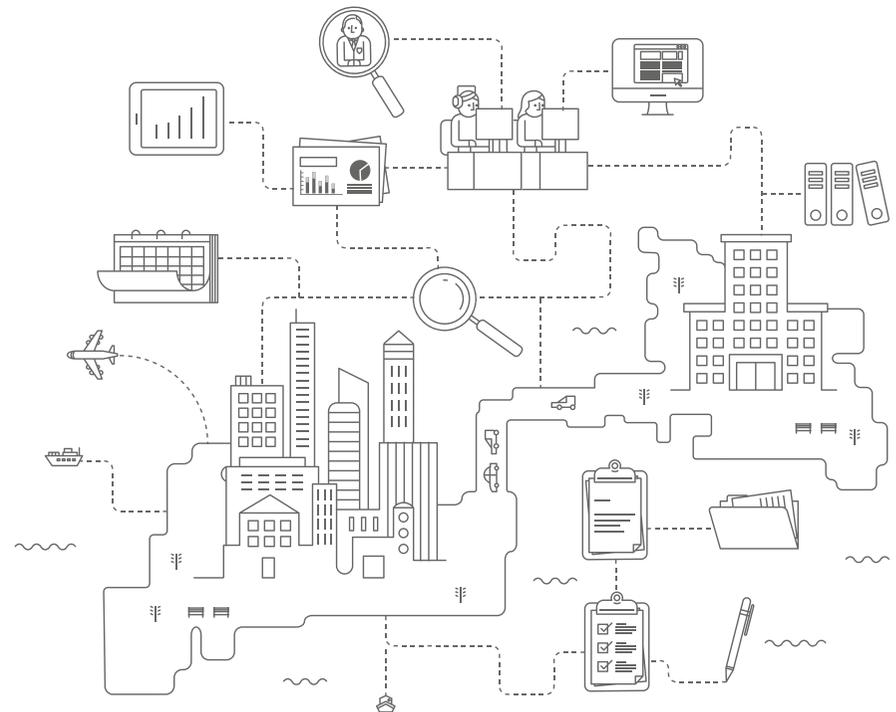
To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

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## 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: 13 (including two follow up audits and the Business Continuity Audit brought forward from 2024/25).



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



152 days internal audit plan.



Technology toolkit – 4 questionnaires, Alteryx, PowerBi



Internal Audit Charter, at Section 2.2.

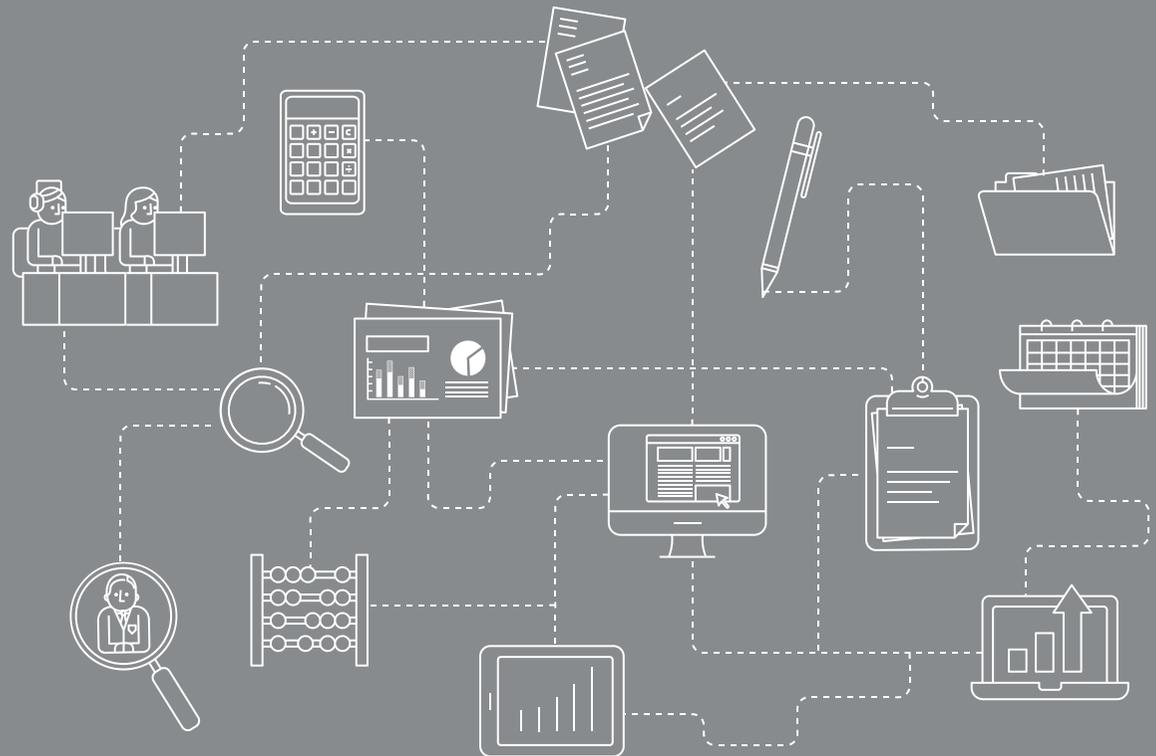
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**‘RSM generally conforms to the requirements of the IIA Standards’ and RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics’.**

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# Annual Internal Audit Plan and Methodology

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## 1.1 INTERNAL AUDIT PLAN 2025/26

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2025/26. 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
<b>Risk Based Internal Audit Coverage</b>				
<b>Strategic Risk: Inability to set a sustainable balanced budget</b>				
<p><b>Financial Resilience and Scrutiny</b></p> <p>This review will consider the established controls and processes for how the Council ensure the budgets and financial plans in place are resilient and subject to adequate scrutiny and challenge. This will also include how the Council conduct stress testing and continually review the financial position to reforecast and ensure sufficient funds are in place at all times.</p>	Risk based	8 Days	3 November 2025	January 2026
<b>Strategic Risk: Inability for the Council's governance to support quality decision making</b>				
<p><b>Members Onboarding and Training</b></p> <p>This review will assess the controls and processes in place to ensure Members are onboarded effectively and receive adequate training to be able to deliver their duties.</p>	Risk based	7 Days	15 September 2025	November 2025
<b>Strategic Risk: Inability to deliver our Climate Change ambitions and not deliver net zero carbon emissions by 2050</b>				
<p><b>Climate Change Strategy</b></p> <p>This review will look at the Council's Climate Change Strategy and the Council's carbon ambitions to provide support and guidance around how this can be improved and benchmarked.</p> <p>This review will be conducted by our ESG specialists at RSM.</p>	Advisory	17 Days	February 2026	April 2026
<b>Strategic Risk: ICT Security and Information Governance arrangements are ineffective</b>				

	Audit approach	Days	Proposed timing	Proposed Governance and Audit Committee Reporting
<p><b>ICT Audit</b></p> <p>The specific area for the ICT review will be agreed with management nearer the audit date. Areas for coverage could include:</p> <ul style="list-style-type: none"> <li>Cyber Security.</li> </ul>	Risk based	19 Days	May 2025	September 2025
<b>Risk Based Internal Audit Coverage</b>				
<p><b>Planning Enforcement</b></p> <p>This review will assess compliance with procedures in place for the administration and processing of planning enforcement cases to ensure an up to date record is maintained at all times.</p>	System based	8 Days	5 January 2026	March 2026
<p><b>Procurement</b></p> <p>Our review will focus on how the Council complies with the new requirements of the Procurement Act. It is anticipated the change in rules will come into effect in February 2025.</p>	System based	8 Days	1 December 2025	March 2026
<p><b>Fraud Risk Assessment - Follow Up and Testing</b></p> <p>Following the completion of the Fraud Risk Assessment conducted in 2024, this review will follow up the actions agreed as part of this review and we will conduct testing in specific areas to test the effectiveness of the fraud risk controls.</p>	Risk based	10 Days	9 April 2025	June 2025
<p><b>HR System Readiness</b></p> <p>This review will assess the progress of the Council in implementing the HR system changes and how the Council are managing the implementation operationally, in line with the defined rollout plan. We will also review the governance and oversight arrangements of the rollout.</p>	Advisory	8 Days	1 December 2025	March 2026
<p><b>Emergency Planning / BCP</b></p> <p>This review will consider processes to ensure that arrangements and documented procedures are in place to minimise disruptions and maintain services and continuity of operations within the Council in the event of a critical incident.</p>	System based	9 Days	26 January 2026	April 2026
<p><b>Grant Funding and Grant Management</b></p> <p>This review will assess the processes in place for how the Council secure grant funding, centrally record the grants and monitor the compliance with the requirements of each grant.</p>	System based	8 Days	15 September 2025	January 2026

	Audit approach	Days	Proposed timing	Proposed Governance and Audit Committee Reporting
<p><b>Combined Assurance</b></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	12 Days	1 December 2025	April 2026
<b>Other Internal Audit Activity</b>				
<p><b>Follow Up 1</b></p> <p>To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.</p>		6 Days	2 June 2025	September 2025
<p><b>Follow Up 2</b></p> <p>To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.</p>		6 Days	9 March 2026	May 2026
<p><b>Management</b></p> <ul style="list-style-type: none"> <li>• Annual planning;</li> <li>• Preparation for, and attendance at, Governance and Audit Committee;</li> <li>• Regular liaison and progress updates;</li> <li>• Liaison with external audit and other assurance providers; and</li> <li>• Preparation of the annual opinion.</li> </ul>		26 Days	Throughout the year	

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.

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

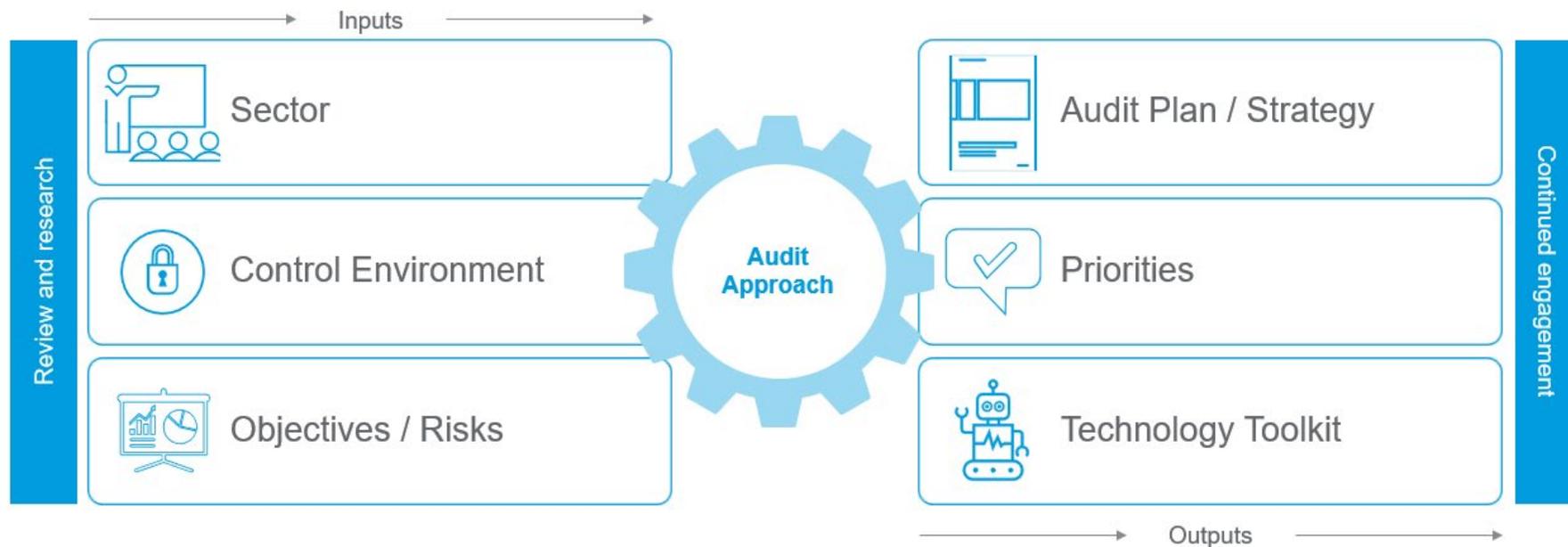
## 1.2 INTERNAL AUDIT METHODOLOGY

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 evaluated your risk management processes and consider that we can place reliance on your risk registers / assurance framework to inform the internal audit strategy. We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management and the Governance and Audit Committee to develop your annual audit plan.

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





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## 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.

## 2.2 INTERNAL AUDIT CHARTER

### Need for the charter

This charter establishes the purpose, mandate, authority, role 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 the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements.

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').

### Purpose

The purpose of the internal audit function is to strengthen West Lindsey District Council's ability to create, protect, and sustain value by providing the Governance and Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight. 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.

### Mandate

#### Authority

In approving this Charter, West Lindsey District Council grants RSM the mandate to provide the Governance and Audit Committee and senior management with objective assurance, advice, insight and foresight.

The internal audit team is authorised by the Governance and Audit Committee to:

- Have full and unrestricted access to all functions, records, data, information, property and personnel which it considers necessary to fulfil its role.
- 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:

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- 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.

### **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.

Through this charter, RSM confirms the organisational independence of internal audit annually. Should any changes in governance structure arise during the year, limiting independence, this will be brought to attention and the safeguards put in place communicated.

Circumstances may justify a follow-up discussion between the Head of Internal Audit, Governance and Audit Committee, and senior management on the internal audit mandate or other aspects of the charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the Head of Internal Audit, Governance and Audit Committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

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.

Internal audit conforms with the Global Internal Audit Standards which includes the principles and standards of ethics and professionalism. Internal auditors maintain an unbiased mental attitude. This allows auditors to perform engagements objectively, and without their judgment on audit matters impacted by others, either in fact or appearance.

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 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.

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## Governance and Audit Committee oversight

In establishing the internal audit function, ensuring it is positioned independently and overseeing performance, the Governance and Audit Committee will:

- Support and champion the mandate of internal audit, enabling it to fulfil its objectives, and working with senior management, enable unrestricted access to information and records.
- Discuss with the head of internal audit and senior management internal audit's authority, role, responsibilities, scope and types of services (assurance / advisory).
- Establish and protect the internal audit function's independence and ensure a direct reporting relationship, allowing the head of internal audit to discuss matters with the Governance and Audit Committee without senior management present.
- Review, discuss other topics for inclusion, and approve annually the internal audit charter. This includes approving the mandate, the scope and internal audit services.
- Participate in discussions with the head of internal audit and senior management about the 'essential conditions' in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Review the internal audit charter annually with the head of internal audit to consider changes affecting the organisation, such as changes in the type, severity, and interdependencies of risks.
- Approve the risk-based internal audit plan.
- Appoint and remove the internal audit function and approve our fee.
- Collaborate with senior management to determine the competencies, experience and qualifications required of the head of internal audit.
- Review internal audit performance and receive communications from the head of internal audit on performance relative to plan.
- Discuss the quality assurance and improvement programme (QAIP) and review the QAIP annual briefing sharing themes and learning from reviews undertaken across our client base.
- In collaboration with senior management, ensure internal audit has the resource to fulfil the mandate and internal audit plan. At least annually, discuss with the head of internal audit whether internal audit scope and resource is sufficient.

## Internal audit responsibilities

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

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- 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 and senior management for review. The plan will be approved 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. The plan will be updated in response to organisational changes including risks, operations, programmes, systems and controls. All significant changes are communicated to the Governance and Audit Committee and senior management.
  - Ensure the internal audit team consists of professional audit staff with the competencies, knowledge, skills, and experience to meet the requirements of the Global Internal Audit Standards and enable internal audit to fulfil its mandate.
  - Establish a quality assurance and improvement programme 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 and improving the efficiency of governance, risk management and internal control processes.
  - 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.
  - Identify themes, trends and emerging issues that could impact the organisation and where appropriate communicate matters to the Governance and Audit Committee and senior management.
  - Communicate the impact of resource limitations on the internal audit plan to the Governance and Audit Committee and senior management.
  - Report regularly to the Governance and Audit Committee to demonstrate the performance of the internal audit service.
  - Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the head of internal audit cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Governance and Audit Committee.

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

- 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 six weeks before the agreed audit start date.
- Key information such as the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 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 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / client portal.
- Management responses to the draft report should be submitted to RSM.
- Within three 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.

## 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 Governance and Audit Committee in taking decisions and managing its risks.

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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 Governance and Audit Committee 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 Governance and Audit Committee 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. Internal auditors are accountable for confidentiality and safeguarding records and information.

## **Quality Assurance and Improvement**

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. We have in place a quality assurance and improvement programme, consisting of both internal and external assessments. Internal assessments are led by a dedicated Quality Assurance Department who undertake these reviews. Under the standards, internal audit services are required to have an external quality assessment every five years. 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.

The head of internal audit will report annually to the Governance and Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which is assessed through a quality assurance and improvement programme. Themes and learning from Quality Assurance Department reviews undertaken across our client base will be shared. This includes how the principles in the Internal Audit Code of Practice have been applied.

## **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

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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](mailto: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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