



WEST LINDSEY DISTRICT COUNCIL

Internal Audit Progress Report

20 January 2026

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KEY MESSAGES

The internal audit plan for 2025/26 was approved by the Governance and Audit Committee at the 11 March 2025 meeting. This report provides an update on progress against the plan and summarises the results of our work to date.



We have issued two reports as final as part of the internal audit plan since the Governance and Audit Committee meeting in November 2025. These are Members Onboarding and Training (4.25/26), and Financial Resilience and Scrutiny (6.25/26).

- We have issued the Grant Funding and Grant Management (5.25/26) report in draft, and audits have been completed for Procurement, Code of Governance, HR System Readiness. At the time of writing these papers, they had not been issued in final to be able to present to this committee. These will now be presented to the March 2026 meeting. [\[To note\]](#)
- Details of the progress made against the internal audit plan are included at Appendix A. [\[To note\]](#)
- Following discussions with the Chief Executive and Assistant Director People and Democratic Services, it was agreed that the Combined Assurance Audit would be changed to a review of how the council adhere to the Code of Governance. [\[To note\]](#)
- Fieldwork dates have been agreed with management for all of the internal audits scheduled for 2025/26 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 2026/27 financial year. Details are included in Appendix B. [\[To note\]](#)

Appendices

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APPENDIX A: PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2025/26

Assignment	Status / Opinion issued	Actions agreed				Target Governance and Audit Committee meeting	Actual Governance and Audit Committee meeting
		Advisory	Low	Medium	High		
Fraud Risk Assessment - Follow Up	Final Report Issued / Reasonable Assurance	0	1	3	0	July 2025	July 2025
Follow Up 1	Final Report Issued / Reasonable Progress	0	3	1	0	September 2025	September 2025
Cyber Security Operations	Final Report Issued / Substantial Assurance	0	1	1	0	November 2025	November 2025
Members Onboarding and Training	Final Report Issued / Substantial Assurance	0	2	0	0	November 2025 ¹	January 2026
Grant Funding and Grant Management	Draft Report Issued – Awaiting Finalisation					January 2026 ²	
Financial Resilience and Scrutiny	Final Report Issued / Substantial Assurance	0	1	0	0	January 2026	January 2026
Procurement	Audit Complete					January 2026 ³	
HR System Readiness	Audit Complete					January 2026 ³	
Code of Governance	Audit Complete					January 2026 ³	
Planning Enforcement	Fieldwork commencing 5 January 2026					March 2026	
Emergency Planning / BCP	Fieldwork commencing 26 January 2026					May 2026	
Climate Change Strategy	Fieldwork commencing February 2026					May 2026	
Follow Up 2	Fieldwork commencing 9 March 2026					May 2026	

¹ Although this report has been finalised by management in the specific audit area, this will now be presented to the January 2026 meeting. This is due to the timings of the Management Team meeting to formally approve the report taking place the day before the Chairs Briefing, thus not allowing enough time to be included in the papers.

² This audit report had been issued in draft, however, at the time of writing these papers management responses had not been provided to finalise.

³ This audit had been completed w/c 15th December, however, due to paper deadlines the report was not finalised at the time of the paper deadline.

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.

APPENDIX C: KEY PERFORMANCE INDICATORS

	Delivery			Notes*	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	11 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	2 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 whatever 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 – MEMBERS ONBOARDING AND TRAINING

Conclusion: Our audit identified there were controls in place to ensure Members are onboarded effectively and the Democratic Elections Team identify and communicate timely with new Members. We did note areas for improvement which has resulted in the agreement of two low priority actions.

Internal audit opinion:



Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

Audit themes: Policies and Procedures

- There is no formal policy or procedure setting out staff responsibilities for Member onboarding and training. (**Low**)

Roles and Responsibilities

- There is clarity over the roles and responsibilities for the onboarding and training of new and returning Councillors. The Councillor Induction Programme offers a structured framework that clearly identifies the Democratic Services and Elections Team as the lead coordinator. Supporting documents, including Article 2 of the Constitution and the Final Candidate Letter, reinforce expectations regarding Member conduct, participation in training, and completion of mandatory induction activities. Collectively, these documents demonstrate that appropriate arrangements are in place.

Communication with new Members

- Welcome packs are distributed to each newly elected council Member as election results are announced and these were reviewed as part of the audit. There is also a timetable in place setting out a schedule of onboarding activities which is communicated in a timely manner.

Inductions

- Inductions are expected to be completed within the first six months following an election. It was noted by management that in 2023, the induction process was extended to accommodate the changed demographic of newly elected Councillors, many of whom were in full-time employment and only available during evenings. We had reviewed the Councillor Induction Programme 2023 and were able to confirm that the induction was completed by our sample of 10 new Members.

Committee Specific Training

- As part of our review, a sample of 10 committee Members was selected to verify completion of their specific training requirements for participation in committee meetings.

For the Governance and Audit Committee, review of three Councillor's training records confirmed that they had attended specific Governance and Audit Committee training.

For the Licensing Committee, we were able to confirm from our sample of five Councillors, four had attended the sessions with one Council Member providing notice beforehand informing she was unable to attend the required session.

For the Planning Committee, two sampled Members were identified as having attended the training session.

Member Development Group

- A Member Development Group is in place; however, this meeting has not taken place for over 12 months due to absence and a vacancy of the Member Development Officer. **(Low)**

Code of Conduct

- From our sample of 10 new Members, all 10 Members had accepted the code of conduct and signed the declaration of office within the stipulated timeframes.

Feedback

- The Council has established structured mechanisms to gather feedback from Members and uses this feedback to improve the Member Induction and Development Programme. Review of the evidence confirmed that the May 2023 induction programme was revised in response to Member feedback, including adjustments to delivery methods (video briefings, hybrid workshops, e-learning), reorganisation into themed modules, evening session scheduling, and the introduction of feedback tools such as surveys and comment functionality. Feedback from the Member/Officer Away Day (July 2023) was also used to identify barriers to attendance and develop more flexible training formats. The Member Development Group reviews feedback at the end of each training theme to inform future plans, and individual feedback forms allow Members to provide suggestions for improvement.

Attendance

- While processes are in place to monitor attendance at training sessions and meetings, Officers do not have the authority to compel Members to attend. A performance measure previously existed to track participation; however, there is currently no mechanism to enforce attendance or apply sanctions. Management acknowledge that there are limited measures to encourage participation and no legal power to mandate it. In addition, it was confirmed by the Democratic Elections Team's Manager that attendance is recorded at the start of each session and uploaded to the system, where it populates individual training records in mod.gov. This was confirmed from our review.

SUMMARY OF MANAGEMENT ACTIONS

The action priorities are defined as:

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 document clear guidance for wider staff to follow regarding the Member onboarding and Member training processes. This will include the relevant steps that non-democratic team Members need to be aware of, defined timescales, and clarification of their roles and responsibilities within the process.	Low	Democratic Elections Team Manager	31 December 2025
2	Management should ensure that the Member Development Group is formally reconvened following the recruitment of the new Member Development Officer. Regular meetings should be scheduled to provide ongoing oversight of Councillor training and development activities, helping to ensure that training needs are being proactively identified.	Low	Democratic Elections Team Manager	31 January 2026

AUDIT OUTCOME OVERVIEW – FINANCIAL RESILIENCE AND SCRUTINY

Conclusion:

Overall, we found there was a well-established control framework relating to financial resilience and scrutiny which was designed effectively and was being applied consistently. Testing was conducted to confirm that financial plans were in place, based upon approved and reasonable assumptions, and departments across the Council have regular input and involvement with the setting and monitoring processes.

We have identified scope for improvement in one area which management have agreed with, relating to the training for Budget Managers. While training is conducted, this is not formalised or consistently recorded, reducing assurance that all relevant officers have received and understood the required guidance. This resulted in the agreement of one low priority management action.

Internal audit opinion:



Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

Audit themes:

Policies and Procedures

- The Council has an established and actively maintained framework for budgeting, forecasting and financial monitoring, supported by clear procedural, operational and governance documents. Financial Procedure Rules and budget monitoring processes are reviewed annually, with updates approved through the Governance and Audit Committee, ensuring controls remain current and aligned to legislative and operational changes. Through this document and supporting documents, roles and responsibilities are clearly defined.

Training

- Although training materials are available to Budget Managers and training is provided to new Budget Managers, training is often informal or not recorded consistently, and as such there is a risk that not all Budget Managers have received training, or have been involved in regular refresher training. **(Low)**

Tracking and Monitoring of Financial Planning

- The Council operates a structured and cyclical financial planning and monitoring process with an annual timetable for quarterly financial reviews and approval through the Corporate Policy and Resources (CPR) Committee, supported by monthly and quarterly reports to senior management and the Chief Executive/Section 151 Officer.

Forecast performance, treasury activity, capital monitoring and reserve movements are consistently tracked, with period-to-period comparisons and reconciliations back to prudential indicators. Variances are reviewed early through management briefings, enabling timely escalation and corrective action to be taken.

Approval and Support of Financial Assumptions

- The Council maintains a consolidated and documented record of key financial assumptions underpinning the 2025/26 Medium-Term Financial Plan. The Assumptions Total 25–26 spreadsheet includes detailed workings for staffing, reserves, income and other core budget areas, and is subject to internal review and formal approval by the Section 151 Officer. This demonstrates that assumptions are scrutinised and endorsed before being incorporated into draft budget reports for committee and Full Council review.

Scrutiny and Approval of Financial Budgets and Plans

- Responsibilities for approving financial budgets and plans are clearly delegated across the committees and Full Council, with each playing a defined role in the scrutiny and approval of budgets and the Medium-Term Financial Plan. Our testing confirmed the financial budgets and plans were approved at the required meetings, in line with delegated authorities.

Stress Testing Aligned to Financial Plans

- Our review confirmed that financial stress testing is embedded within the Council's quarterly monitoring and Medium Term Financial Plan processes. Significant variances, reserve movements and the General Fund Balance are reviewed each quarter, with modelling of key risks including pay, inflation, interest rates, business rates volatility and income fluctuations formally documented within the MTFP and supported by the Section 151 Officer's statutory assessment. The MTFP includes a detailed risk register, sensitivity analysis and defined minimum reserve levels, while scenario modelling demonstrates the potential impact of adverse financial conditions.

Monitoring of Trigger Points

- Financial trigger points are defined and consistently monitored as part of the Council's Medium Term Financial Plan and quarterly reporting cycle. Key thresholds, including minimum General Fund Balance requirements and the levels of key reserves, are embedded within the financial planning framework and subject to regular review by the CPR Committee. A structured reporting schedule ensures timely oversight, with triggers monitored through both automated RAG ratings within the budget monitoring system and manual financial review by Finance Business Partners and the Finance Manager.

Ongoing Stress Testing

- We confirmed that the Council undertakes regular stress testing throughout the year, supported by quarterly monitoring of revenue, capital, reserves and key financial risks. Quarterly reports to Management Team and the CPR Committee allow early identification of pressures, with mitigation through reserve use or in-year savings where required. An annual review of Earmarked Reserves further assesses the adequacy and purpose of reserves, confirming minimum General Fund Balance levels and the role of key reserves such as the Budget Stability Reserve and Business Rates Volatility Reserve. These arrangements are subject to member scrutiny and approval, ensuring oversight and alignment with the Council's financial resilience strategy.

Reforecasting

- We identified that in-year financial reforecasting is undertaken three times per year, supported by quarterly Budget and Treasury Monitoring reports to Management Team and the CPR Committee. Mid-year forecasts assess expected outturns for revenue, capital and treasury activity, with variances analysed by service cluster and supported by detailed narrative and corrective actions where required. Comparisons between budgeted and actual outturns are presented, demonstrating how pressures and gains impact the overall financial position. External reports, including the Mid-Year Review and Investment Analysis, enhance treasury monitoring by providing market insights and benchmarking.

Savings Programme

- The Council has established governance arrangements for a Savings Board, formally referred to as a Working Group, designed to support financial sustainability should a savings programme be required. The draft Terms of Reference, approved by the CPR Committee, set out a defined purpose focused on reviewing delivery of the Medium Term Financial Strategy, identifying potential savings and income opportunities, and strengthening member understanding of financial decision making.

Decision Making

- The Council has an iterative financial planning process that supports informed service-level decision making. Budget Managers work with Finance Business Partners to develop proposals for the Medium Term Financial Plan, drawing on historical performance, in-year monitoring and financial implications from governance reports. Pressures and savings are captured through routine mechanisms and incorporated into a central model, with internal mitigations expected before escalation. Unavoidable pressures are formally reviewed by Management Team, which determines whether they are built into the base budget, declined or funded from reserves. Member scrutiny is then applied through the Prosperous Communities Committee and the CPR Committee, with final approval by Full Council.

Financial Performance Reporting

- Our review confirmed that financial performance and resilience are reported regularly through the governance framework that provides oversight at both management and committee levels. Management Team receives frequent updates and reviews key financial issues, while the CPR Committee considers detailed quarterly reports covering revenue and capital forecasts, reserves, carry forwards and income projections. Additional performance reporting, including Progress and Delivery updates, informs the Medium Term Financial Plan and supports evidence-based decision making. The Prosperous Communities Committee further contributes to scrutiny through its review of fees, charges and service budgets. Full Council approval of the MTFP provides final assurance.

SUMMARY OF MANAGEMENT ACTIONS

The action priorities are defined as:

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	<p>Management will introduce a formal training process for Budget Managers. This should include:</p> <ul style="list-style-type: none">• A standardised induction covering financial planning and budget monitoring; and• A central record of training completion.	Low	Financial Services Manager	31 March 2026