



## WEST LINDSEY DISTRICT COUNCIL

Annual internal audit report for the 12 months ending 31 March 2025

31 March 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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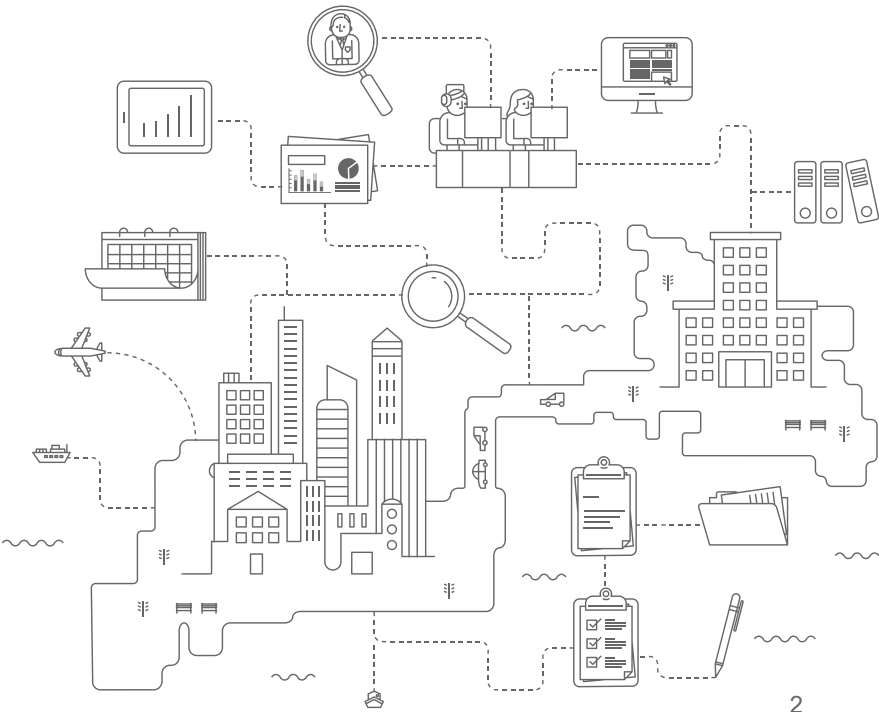
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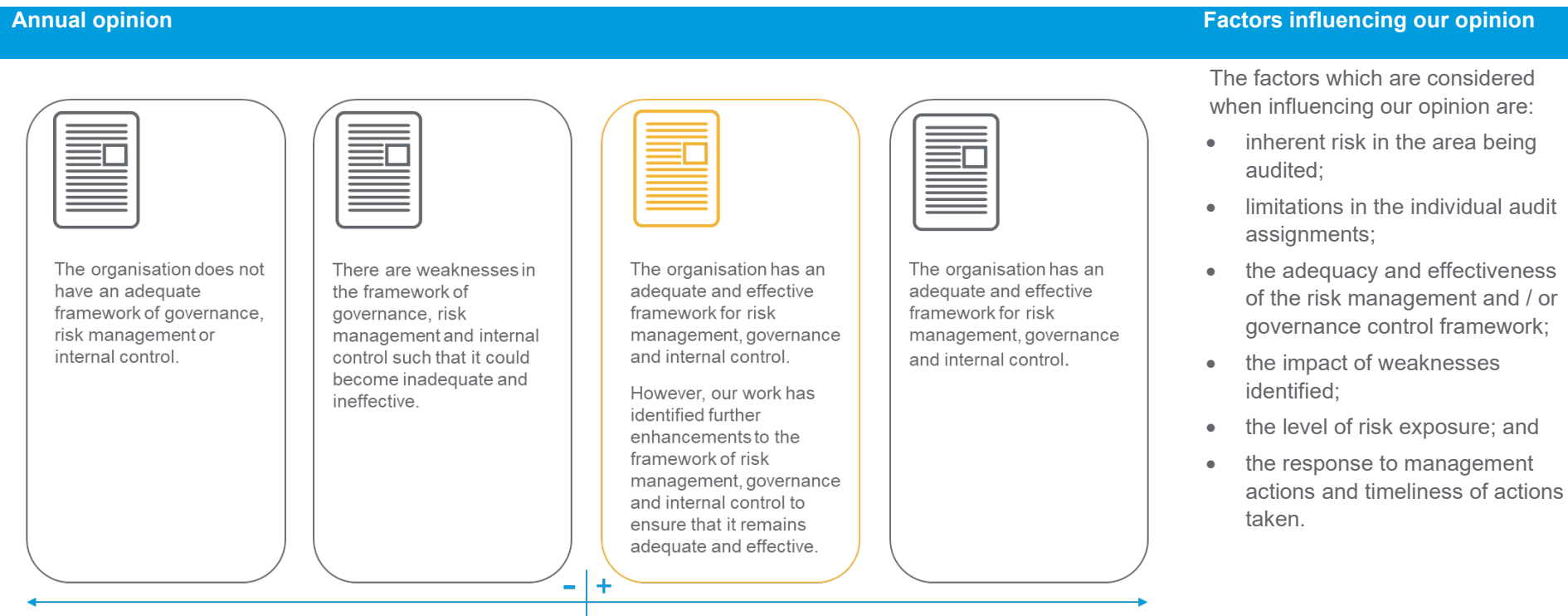
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# THE ANNUAL INTERNAL AUDIT OPINION

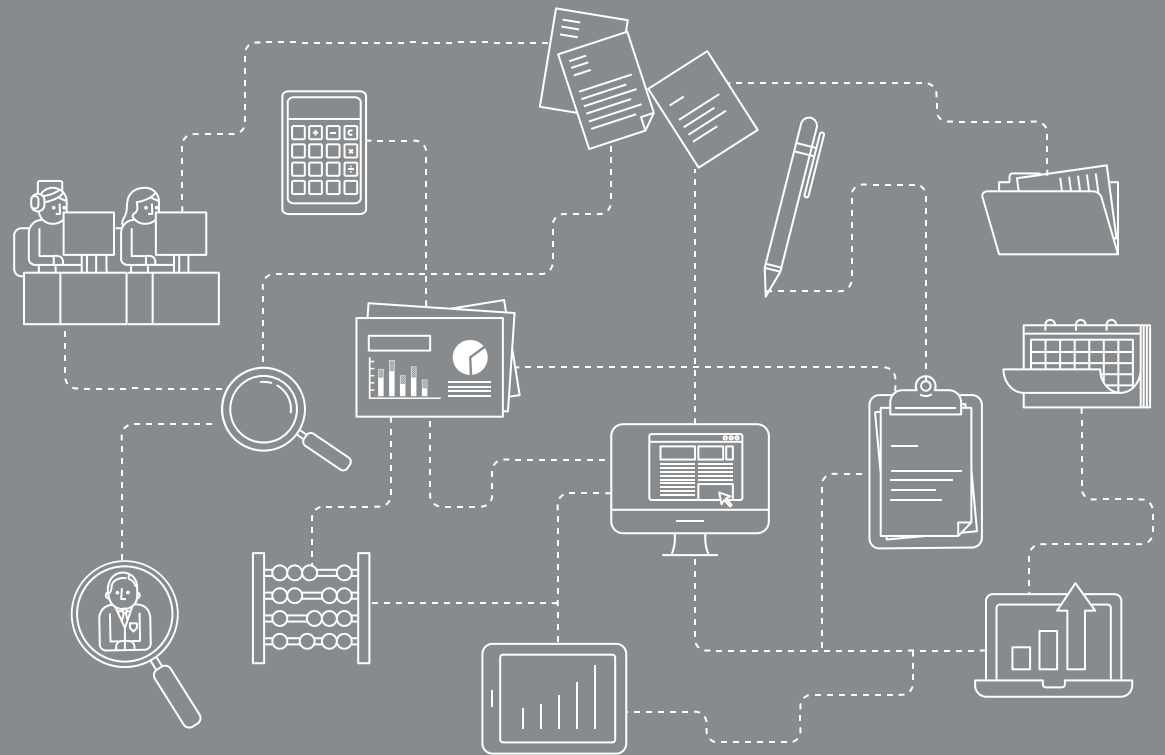
The annual internal audit opinion is based upon, and limited to, the work performed on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. For the 12 months ending 31 March 2025 the Head of Internal Audit opinion for West Lindsey District Council is:



It remains management's responsibility to develop and maintain a sound system of risk management, internal control, governance, and for the prevention and detection of errors, loss or fraud. The work of internal audit is not and should not be seen as a substitute for management responsibility around the design and effective operation of these systems.

# Scope and Limitations

01



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# 1 SCOPE AND LIMITATIONS OF OUR WORK

The formation of our opinion is achieved through a risk-based plan of work, agreed with management and approved by the Governance and Audit Committee, our opinion is subject to inherent limitations, as detailed below.



- Internal audit has not reviewed all risks and assurances relating to the organisation.
- The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. The assurance framework is one component that the board takes into account in making its annual governance statement (AGS) to the governing board.
- The opinion is based on the findings and conclusions of the agreed work which was limited to the area under review and agreed with management.
- Where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance.
- Due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to our attention.
- The matters highlighted in this report represent only the issues we encountered during our work. It is not an exhaustive list of all weaknesses or potential improvements. Management remains responsible for maintaining a robust system of internal controls, and our work should not be the sole basis for identifying all strengths and weaknesses.
- This report is prepared solely for the use of the Governance and Audit Committee and Management Team of West Lindsey District Council.

# 02



## 2 FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix A.

Theme – Governance	Theme – Risk Management	Theme – Internal Control
<p>We have taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2024/25 internal audit plan.</p> <p>There is a governance framework in place, and we observed that the Governance and Audit Committee is effective in monitoring and challenging management and holding them to account.</p>	<p>Risk management is reviewed at the Governance and Audit Committees. We have attended all Governance and Audit Committee meetings throughout the year and confirmed the council’s risk management arrangements continued to operate effectively in this forum and were adequately reported to and scrutinised by committee members; with regular updates provided and the risk register shared and reviewed, with appropriate oversight and challenge.</p> <p>Our risk management opinion is informed by our observation of risk management systems and processes throughout the course of all audits within the internal audit plan.</p> <p>We also conducted a specific risk management internal audit review which led to a reasonable assurance opinion being provided.</p>	<p>We undertook eight internal audit reviews in 2024/25 which resulted in an assurance opinion. From three reviews (37.5%) we concluded that substantial assurance could be taken and five reviews (62.5%) reasonable assurance could be taken in relation to the design and application of the control frameworks in place.</p> <p>During the year we agreed a total of 56 management actions across assurance and follow up reviews. Of the actions agreed: zero (0%) were ‘high’ priority, 18 (32%%) were ‘medium’ priority, 36 (63%) were ‘low’ priority, and three (5%) were ‘advisory’ priority.</p> <p>Furthermore, the implementation of agreed management actions agreed during the course of the year are an important contributing factor when assessing the overall opinion on control. We have performed two follow-up reviews during the year, both of which concluded in positive opinions (both reasonable progress).</p>

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As well as the headline findings discussed above, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at Appendix A.



### Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2024/25.



### Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through the action tracking process in place. During the year progress has been reported to the Governance and Audit Committee, with the validation of the action status confirmed by internal audit during two specific follow up reviews.

#### Follow Up 1

Our follow up of the actions agreed to address previous years' internal audit findings shows that the council had made **reasonable progress** in implementing the agreed actions. Testing found that 16 actions had been either implemented or superseded, six actions had been partially implemented, and the final two actions were not implemented.

#### Follow Up 2

Our follow up of the actions agreed to address previous years' internal audit findings shows that the council had made **reasonable progress** in implementing the agreed actions. Of the actions considered, testing found that 16 actions had been implemented or superseded, two actions had been partly implemented and the remaining nine actions were not implemented.



### Working with other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.



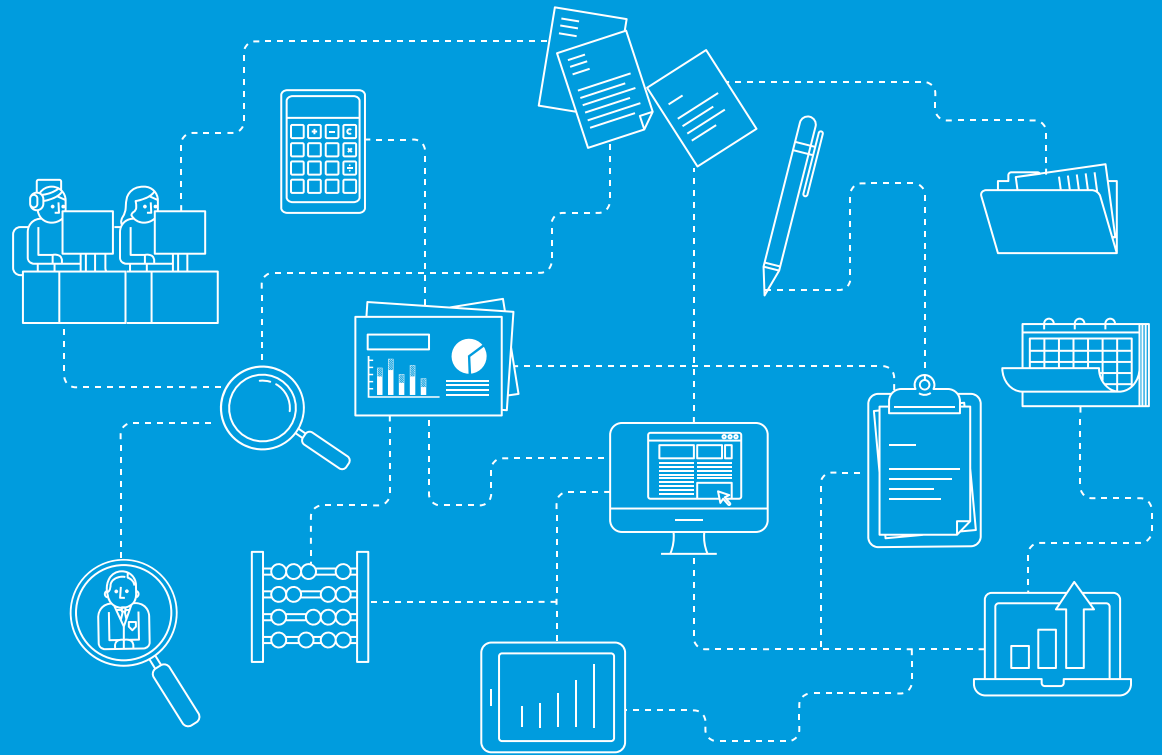
### Topics judged relevant for consideration as part of the annual governance statement

There are no specific topics or findings that we feel require consideration as part of the annual governance statement.



# Our Performance

# 03



### 3.1 Wider value adding delivery

Area of work	How has this added value?
Webinars and Briefings	<p>During the year we have issued invites to webinars and briefings including:</p> <ul style="list-style-type: none"><li>• Procurement webinars</li><li>• Failure to prevent fraud briefing</li><li>• Public authorities VAT webinar</li><li>• Duty to prevent sexual harassment at workplace webinar</li></ul>
Emerging Risk Radar – Spring 2025	<p>We issued our latest Emerging Risk Radar which is a summary of survey responses from over 129 board members across all industries and sectors. The document outlines the key risks emerging and steps for the organisation to follow to react to emerging risks.</p>
Use of Specialists	<p>To support the delivery of the internal audit plan, we have used our Technology Risk Assurance Specialists to conduct the IT Operations internal audit review. We have also used data analytics as part of the Purchasing and Creditors internal audit review to supplement our testing.</p>
1:1 meetings / discussions	<p>Throughout the year we have continued to liaise with management and held operational meetings where required to obtain an update on the council's developments. We have attended all Governance and Audit Committee meetings.</p>
Flexible annual planning approach	<p>We have remained flexible with our annual planning approach. This enables us to react to changes in priority and risk, to ensure internal audit is focused in the right areas at the right time, to be the best source of assurance where needed in specific areas of risk or control.</p>

### 3.2 Conflicts of interest

During 2024/25, RSM has provided software for risk management, and also provide the council with reactive investigation services (where required). These engagements were both conducted by a separate team and under separate Letter of Engagements to the Core Internal Audit Team and therefore we do not regard these as a conflict of interest. We are including these declarations here for transparency and completeness.

Internal audit remains independent and there have been no threats to our independence when delivering the audit plan during 2024/25.

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### **3.3 Conformance with internal auditing standards**

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

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'.

### **3.4 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.

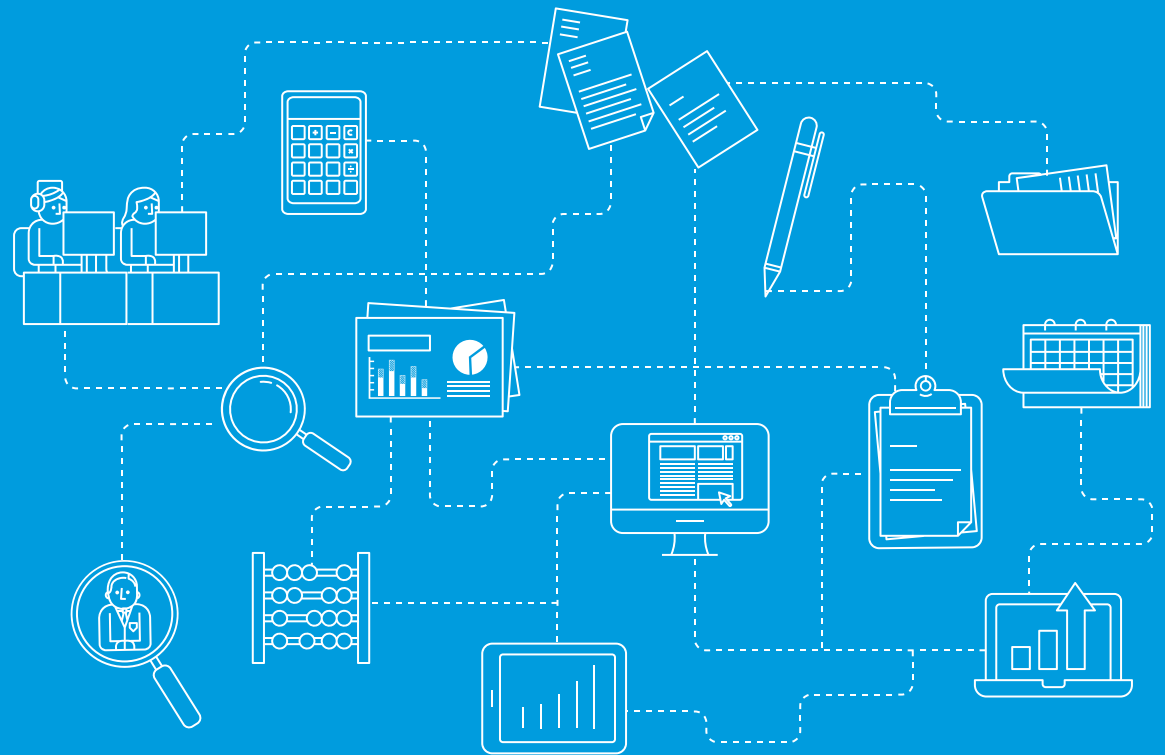
### 3.5 Performance indicators

Delivery			Quality		
	Target	Actual		Target	Actual
Audits commenced in line with original timescales*	Yes	Yes	Conformance with IPPF	Yes	Yes
Draft reports issued within 10 days of debrief meeting	10 working days	5 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	15 working days (average)*	Response time for all general enquiries for assistance	2 working days	2 working days (average)
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

\*The delay is due to all reports requiring consideration and challenge at Management Team meetings.

# Appendices

## 04



## APPENDIX A: SUMMARY OF INTERNAL AUDIT WORK COMPLETED

All of the assurance levels and outcomes provided below should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Executive lead	Status / Opinion issued	Actions agreed			
			A	L	M	H
IT Operations	Director, Change Management, ICT and Regulatory Services	Reasonable Assurance	0	2	3	0
Follow Up 1	Assistant Director People and Democracy	Reasonable Progress	0	8	0	0
Staff Appraisal Process	Assistant Director People and Democracy	Reasonable Assurance	0	3	2	0
Risk Management	Assistant Director People and Democracy	Reasonable Assurance	2	6	3	0
Purchasing and Creditors	Director of Finance and Assets and 151 Officer	Substantial Assurance	0	4	0	0
Complaints Handling	Assistant Director People and Democracy	Reasonable Assurance	0	4	2	0
Project and Programme Management	Director, Change Management, ICT and Regulatory Services	Substantial Assurance	0	2	1	0
Procurement	Director of Finance and Assets and 151 Officer	Reasonable Assurance	0	1	2	0
Combined Assurance	Chief Executive	No opinion provided	0	0	0	0
Customer Experience Strategy	Director, Change Management, ICT and Regulatory Services	Substantial Assurance	1	0	0	0
Follow Up 2	Assistant Director People and Democracy	Reasonable Progress	0	6	5	0

## APPENDIX B: OPINION CLASSIFICATION

We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the board can take:



### Minimal Assurance

Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).



### Partial Assurance

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

Action is needed to strengthen the control framework to manage the identified risk(s).



### Reasonable Assurance

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.

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).



### Substantial Assurance

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.

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# 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.

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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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