

# Internal Audit

## Annual Report 2022 / 23



## **What we do best...**

**Innovative assurance services**  
**Specialists in internal audit**  
**Comprehensive risk management**  
**Experts in countering fraud**

## **...and what sets us apart**

**Unrivalled best value to our customers**  
**Existing strong regional public sector  
partnership**  
**Auditors with the knowledge and expertise to  
get the job done**  
**Already working extensively with the not for  
profit and third sector**

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This report has been prepared solely for the use of Members and Management of Lincolnshire County Council. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed internal audit plan.





# Purpose of Annual Report

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2015. In particular:-

- Include an opinion on the overall adequacy of and effectiveness of the Council's governance, risk and control framework and therefore the extent to which the Council can rely on it;
- Inform how the plan was discharged and the overall outcomes of the work undertaken that supports the opinion;
- A statement on conformance with the PSIAS and the results of the internal audit quality assurance;
- Draw attention to any issues particularly relevant to the Annual Governance Statement.

## Annual Opinion

The opinion on the adequacy and effectiveness of the Council's arrangements for governance, risk management and control framework for 2022/23 is:

<p><b>Governance</b></p> 	<p><b>Performing Well</b> - No concerns that significantly affect the governance, risk and control framework and successful delivery of the Council priorities.</p>	<p>Overall, there is a positive assurance picture for the Council but one that reflects the more demanding and challenging context in which it operates.</p>
<p><b>Risk</b></p> 	<p><b>Performing Well</b> - No concerns that significantly affect the governance, risk and control framework and successful delivery of the Council priorities.</p>	<p>This opinion is based upon the work performed by Internal Audit and assurance intelligence we have gathered across the Council's assurance framework, including the Combined Assurance Model and the risk management framework.</p>
<p><b>Internal Control</b></p> 	<p><b>Performing Adequately</b> - Some improvement required to manage a high risk in a specific business area and medium risks across the Council.</p>	<p>Internal Audit have not reviewed all risks and assurances of the Council and the opinion is reliant on a robust management led governance, control and assurance framework.</p>
<p><b>Financial Control</b></p> 	<p><b>Performing Well</b> - No concerns that significantly affect the governance, risk and control framework and successful delivery of the Council priorities.</p>	<p>Internal Audit have not reviewed all risks and assurances of the Council and the opinion is reliant on a robust management led governance, control and assurance framework.</p>



*"Achieving the Intended Outcomes While Acting in the Public Interest at all Times"*

It is comprised of systems, processes, culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

Each year the Council is required to reflect on how its governance arrangements have worked – identifying any significant governance issues that it feels should be drawn to the attention of the public – in the interests of accountability and transparency.

The Audit Committee helps to ensure that these arrangements are working effectively. They regularly review the governance framework and consider the draft and final versions of the Annual Governance Statement.

In February 2023, the Audit Committee completed its [Annual Report 2022](#) which covers its responsibilities for the previous year. Its overall opinion was that the Committee can give:

**‘a good level of assurance that the Council’s governance, risk and control mechanisms are working satisfactorily’**

The Audit Committee reviewed and discussed regular reports during the year – providing constructive challenge to Senior Management and other oversight functions on risk, controls, and assurance.

An Information Assurance Annual Report and a Monitoring Officer Annual Report are reviewed by the Audit Committee – another key source of assurance intelligence demonstrating a strong governance framework.

The Chartered Institute of Public Finance & Accountancy (CIPFA) has recently published new Audit Committee guidance. Included in this guidance is some useful self-assessment tools which will be completed as part of the Audit Committee 2023/24 training and development plan.

The Annual Governance Statement is at draft stage at the time of writing this report. There are **no significant governance issues** identified that impact the Head of Internal Audit opinion.

Through the development work of the Annual Governance Statement, two improvement areas have been identified to support continuous improvement to governance – these are:-

- Developing further links between the delivery of the Corporate Plan and how resources are used in that delivery. This will further strengthen governance and aid transparency.



*"Achieving the Intended Outcomes While Acting in the Public Interest at all Times"*

It is comprised of systems, processes, culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

- Further develop the One Council approach designed to encourage and deliver effective team working, drawing on the strengths and expertise from across the Council.

The Council's Combined Assurance report is a key element of the Council's governance and assurance arrangements. It provides the Corporate Leadership Team and Audit Committee with a better understanding on the assurances across all the Council's critical services, key risks, significant projects and partnerships - identifying any areas for greater oversight, improvement and assurance gaps.

Overall, there is a positive assurance picture for the Council but one that reflects the more demanding and challenging context in which it operates. There is recognition that some areas of the combined assurance will be red and amber – with action plans in place to address any identified concerns. This report was considered by the [Audit Committee in February 2023](#)

and carried out a review on how the Council conducts scrutiny. An action plan with suggested improvements – monitored by the Overview and Scrutiny Management Board.

An Internal Audit of the Council's Governance Framework was undertaken during 2022/23. This provided a **Substantial Assurance** opinion.

It is crucial to the Council's success that its governance arrangements are applied in a way that demonstrates the spirit and ethos of good governance – this cannot be achieved by rules and procedures alone. During 2022/23 the Council undertook a 'Culture and Leadership Stocktake' which included a series of engagement activities focusing and evaluating leadership and behaviours. The results and intended actions will be shared during 2023 - through staff briefings and internal communications.

## Governance



*"Achieving the Intended Outcomes While Acting in the Public Interest at all Times"*

It is comprised of systems, processes, culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

CIPFA has issued some good practice guidance on Local authority owned companies (May 2022) – a helpful tool to assist key stakeholders and provide support in the following areas:

- Context.
- Decision-making process.
- Establishment of a Company – and subsequent reviews.
- Business as Usual.

We suggest that the Council benchmark their companies against this guidance – with the outcome being reported to the Audit Committee.

The above information helped inform the Head of Internal Audit opinion on the effectiveness of the Council's governance framework.

## Governance Framework



**Assessed as Performing Well**

## Risk



Good risk management is part of the way we work. It is about taking the right risks when making decisions or where we need to encourage innovation in times of major change – balancing risk, quality, cost and affordability. This put us in a stronger position to deliver our goals and provide excellent services.

We can confirm that there are established structures and processes for identifying, assessing and managing risk and these remain effective.

The Council's Risk Management arrangements are currently set at a **Green** assessment through the combined assurance review (a high level of assurance).

Risk Management is regularly monitored by the Corporate Leadership Team and with the Strategic Risk Register reviewed by the Audit Committee on a six-monthly basis.

An external review assessed the Council's risk management arrangements as **'Embedded and Integrated'** - demonstrating the effectiveness of risk management within the Council.

The incoming Head of Internal Audit is developing an increased focus to enable risk to be more explicit across internal audit and counter fraud delivery. As this work is delivered it will also enable the Council to be more informed of risk identification and the assessment of the related consequences and likelihood.

The above information helped inform the Head of Internal Audit opinion on the effectiveness of the Council's Risk Management arrangements.

## Risk Management



## Assessed as Performing Well

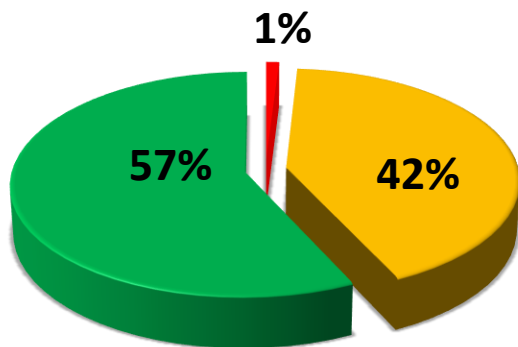




A Combined Assurance Status report is produced by each Director on the level of confidence they can provide on service delivery arrangements, management of risks, operation of controls and performance for their area of responsibility. These reports are reviewed by the Audit Committee and provide key assurance evidence to support the Head of Internal Audit opinion.

## Combined Assurance Status Report

### Overall Assurance Status 2022/23



- Red - low level of assurance
- Amber - medium level of assurance
- Green - high level of assurance



We help co-ordinate the Council's assurance intelligence through an annual process carried out by Internal Audit across all Directorates. It provides a RAG rating view of the Council's Critical Activities, Key Projects, Partnerships and Key Risks.

Overall, there continues to be a high level of assurance but one that reflects the more demanding and challenging context in which the Council operates.

Critical activities that have a low level of assurance are :

- Hospitals.
- Regeneration funding.
- Emerging risk – Failure to maximise Apprenticeship Levy.

**High assurance has decreased by 2% in 2022/23 but remains the highest percentage of assurance**



We take account of the outcome of our audit work during 2022/23. As our audit plans include different activities each year, it is not unexpected that assurance varies. However the assurance levels still give insight into the Council’s control environment.

The Internal Audit assurance levels over activities reviewed this year have remained positive – key financial systems and service processes have either a high or substantial level of assurance. This year there were no low assurance opinions issued. There was one limited assurance which related to a school.

Our work included a number of consultancy reviews – where management required an independent review of lessons learnt or where current practices required improvement.

Details of audits completed can be found in **Appendix 1**. Those most relevant to the internal control are shown in figure 1.

During the year we have made 204 recommendations for improvement across the Council and schools. We regularly monitor the implementation of outstanding actions on Council audits. Agreed actions for audits completed in 2023/23 due at the 31<sup>st</sup> March 2023 all have been implemented. Outstanding actions relate to previous year audits and are linked to the BW implementation see Appendices 1 & 3 for full details.

**Figure 1 – Audit Areas**

Audit area	Assurance level
Capital Project Decision Making Process	Substantial
Corporate Plan and Success Framework	Substantial
ICT Microsoft Office 365 Security	Substantial
Re-settlement Co-ordination	Substantial
Asset Acquisition & Disposal of Land and Property	Consultancy
Review of Grantham Lincolnshire Fire & Rescue Tender	Consultancy
Payment System – Lessons Learnt	Consultancy
Recruitment and Retention (data analytics)	Consultancy
Ukrainian Refugee Settlement	Consultancy
School Audits x 9	8 Substantial / 1 Limited
Combined Assurance	Not Applicable

## Internal Control



We take account of the outcome of our audit work during 2022/23. As our audit plans include different activities each year, it is not unexpected that assurance varies. However the assurance levels still give insight into the Council's control environment.

Internal Audit have not reviewed all risks and assurances of the Council and the opinion is reliant on a robust management led governance, control and assurance framework.

The outcome of our internal audit work and the intelligence gathered through the combined assurance framework has helped inform the Head of Internal Audit's opinion on Internal Control. This year more reliance has been placed on other sources of assurance.

## Internal Control



**Assessed as Performing Adequately**



Our audit plans include providing assurance over our key financial systems, this is done on a cyclical basis; however the level of risk will also influence frequency.

Our work provides an important assurance element to support the External Auditor's opinion on the Council's Statement of Accounts.

Our work on financial systems and processes this year has focused on confirming that key controls remain in place. During the year we reviewed the following audits which contributed to our assessment of the Council's Financial Control:-

Audit area	Assurance level
Debtors	Substantial
Adults Financial Assessments	Substantial (indicative)
Pensions Administration	Consultancy
Bank Rec	Substantial
LFR Procurement Card	Consultancy
Insurance	High
Highways Claims	Substantial
Allocation of Covid Business Grants	Substantial

We certified compliance with grant conditions on the following:-

- Supporting Families Grant.
- Substance Misuse Grant.
- Bus Services Operator Grant.
- Covid Bus Service Support Grant.

## Implementation of the Hoople 'standard version' of Business World -

The new financial system successfully went live on the 1<sup>st</sup> April 2023. Internal Audit provided support to the successful implementation of the project through a Principal Auditor secondment. This arrangement will continue through 2023/24.

There have been no significant system issues identified by the project team. Internal Audit assurance work on the new system and processes is planned for 2023/24.

The Council's External Auditors published their value for Money Report in November 2022 for the year ended 31st March 2022. They concluded that there were no significant weaknesses in the Council's value for money arrangements around:-

- Financial sustainability.
- Governance.
- Improving economy, efficiency and effectiveness.

## Financial Control



Our audit plans include providing assurance over our key financial systems, this is done on a cyclical basis; however the level of risk will also influence frequency.

Our work provides an important assurance element to support the External Auditor's opinion on the Council's Statement of Accounts.

CIPFA have introduced the Financial Management (FM) Code designed to support good practice in financial management and demonstrate financial sustainability.

The code provides a standard framework against which financial management arrangements can be tested and assessed.

The Council undertook a self- assessment against the 17 standards of the code in 2021. An external review was commissioned to provide an independent assessment of the Council's arrangements against the standards. This review confirmed that the Council is operating in line with the requirements across all the criteria regarding the substance of the arrangements and the spirit in which they are intended. The review also identified areas of good practice and confirmed the self-assessment of areas for continued improvement. These areas for improvement have been identified and an action plan has been reported into Audit Committee.

The Council's financial processes are currently assessed at either **Green** (a high level of assurance) or **Amber** (a medium level of assurance) through the combined assurance model.

## Counter Fraud

The Audit Committee help ensure that counter fraud arrangements are working effectively. They regularly review the Fraud Risk Register (March 2023) and receive updates on counter fraud activities.

Key elements of the counter fraud work plan (58%) have the delivered – including update of policies, fraud risk register and Counter Fraud eLearning package.

A separate Counter Fraud Annual report is provided to the Audit Committee which provides more detail on delivery of the approved counter fraud work plan.

The outcome of Internal Audit work and the intelligence gathered through other sources of assurance has helped inform the Head of Internal Audit's opinion on Financial Control.

## Financial Control



**Assessed as Performing Well**



The Council is responsible for establishing and maintaining risk management processes, control systems and governance arrangements. Internal Audit plays a vital role in providing *independent risk based and objective assurance* and *insight* on how these arrangements are working. Internal Audit forms part of the Council's assurance framework.

### Scope of Work

Our risk based internal audit plan was prepared considering the critical activities and key risks to support the basis of the annual opinion.

The Audit Committee approved six-monthly plans in March and November 2022.

During the year there were several changes to the plan – to enable us to respond to emerging risks and maintain effective focus. We have delivered **86%** of the revised audit plan. Details of the audits delivered and changes to the revised plan can be found in **Appendices 1 and 2**.

It has been another challenging year with resources being low due to high turnover and vacancies running at 31% during the year. We have also had long-term sickness cases, a maternity and long-term secondment. The impact of these on the teams' availability and ability to deliver cannot be underestimated.

The level and long-term nature of vacancies has inevitably had an impact on our ability to deliver audits. This resulted in changes in priority and focus of audit work – see **Appendix 2**.

Action has been taken and will continue to be progressed by the incoming Head of Internal Audit to strengthen the capacity and capability of the team.

From 1<sup>st</sup> April 2023 we will no longer be providing Internal Audit Services to Newark and Sherwood District Council or subsidy work for Lincolnshire Districts – reducing resource demand requirements by 385 days.

### Restriction on Scope

We identified no unexpected restrictions to the scope of our work. There have been some delays encountered in the provision of information through our work with the Council. To address this, we liaise regularly with management and develop key points of contact within services.

I do not consider the restrictions to have had an adverse effect on my ability to deliver my overall opinion. The combined assurance model adopted by the Council helped in this regard. We have not experienced any impairment to our independence or objectivity during the conduct and delivery of the Internal Audit Plan.



## Our Work



Internal Audit's role include advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include advice, facilitation of workshops and training.

## Other Significant Work

### **Grant Certification**

During the year we have undertaken grant certification work including Supporting Families, Bus Service Operators Grant, Substance Misuse and Covid Bus Service Support Grant. This work confirms grants have been spent appropriately and grant conditions met.

### **Combined Assurance**

We completed our annual refresh and coordination of the Combined Assurance, which maps all assurance across the authority using the 'three lines of assurance' model. This provides the Council with insight over the assurances present on its critical activities, key risks, projects and partnerships. Reported to the Audit Committee in February 2023.

### **Governance Group**

The Head of Internal Audit is a member of the Council's Governance Group – working with other assurance and oversight functions. A key activity of this group is to share governance intelligence and help co-ordinate the development of the Annual Governance Statement. The Chairman of the Group is the Deputy Chief Executive & Director of Resources.

### **Supporting Audit Committee / Overview & Scrutiny Management joint working**

Supporting the Chairman and Vice-Chairman on how audit and scrutiny committees can work more closely. Focusing on how each can contribute productively to their work plans on matters of mutual interest – particularly oversight of financial matters and value for money.



We recognise the importance of meeting customer expectations as well as conforming to the UK Public Sector Internal Audit Standards (PSIAS). We continually focus on delivering high quality audit to our clients – seeking opportunities to improve where we can.

## Quality Assurance

Our commitment to quality begins with ensuring that we recruit develop and assign appropriately skilled and experienced people to undertake your audits.

During 2022/23 we continued to build upon the strong focus on developing the next generation of audit, counter fraud and risk professionals. We have:

- Continued with an apprenticeship scheme for our audit team with six members of staff currently undertaking the qualification.
- Recently recruited external members to the team - Audit Managers, Principal Auditor and two Senior Auditors.
- Promoted some internal staff to through support, development and succession planning.

Our audit practice includes ongoing quality reviews for all assignments. These reviews examine all areas of the work undertaken, from initial planning through to completion and reporting. Key targets have been specified - that the work has been completed on time, within budget and to the required quality standard.

We have strengthened our quality assurance roles within the structure to support oversight and continuous improvement – ensuring compliance with audit practice, systems and processes.

There is a financial commitment for training and developing staff. Training provision is continually reviewed through the appraisal process and monthly one to one meetings.

All public sector internal audit services are required to measure how well they conform to the UK Public Sector Internal Audit Standards. An External Quality Assessment must be undertaken every 5 years – Assurance Lincolnshire’s second external assessment was undertaken in February 2022.

They concluded that:

**“the Assurance Lincolnshire Partnership’s self-assessment is accurate and as such we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note”.**





We recognise the importance of meeting customer expectations as well as conforming to the UK Public Sector Internal Audit Standards (PSIAS). We continually focus on delivering high quality audit to our clients – seeking opportunities to improve where we can.

## Quality Assurance

During the year, our quality reviews identified the need to revisit our systems and processed with the team. This is in response to the recruitment of several new staff, the impact from the pandemic and arising from the loss of several experienced and qualified auditors.

The incoming Head of Internal Audit has developed a programme to provide training and guidance to revisit the essential core skills for effective delivery. This training programme will be delivered across quarter one to enable more effective delivery throughout the remainder of the year.

Recruitment continues to be a challenge across both internal audit and counter fraud.

Our quality assurance improvement plan - includes the following:

- Rollout training and guidance to revisit the essential core skills for effective delivery.
- Improving client relationships to support and add value through our audit work.

- Continuing professional development - around core practice and emerging practice guidance.
- Adopting current thinking on LEAN methodology to deliver efficiencies, improve productivity and optimise the way we work including better use of technology.
- Enhancing our IT Audit Capabilities.
- CIPFA Audit Committee guidance – benchmark against good practice and provide appropriate support to Audit Committee.

### External Audit

Although internal and external auditors carry out their work with different objectives in mind, many of the processes are similar and it is good professional practice that they should work together closely. Wherever possible, External Audit will place reliance and assurance upon internal audit work where it is appropriate.

# Benchmarking



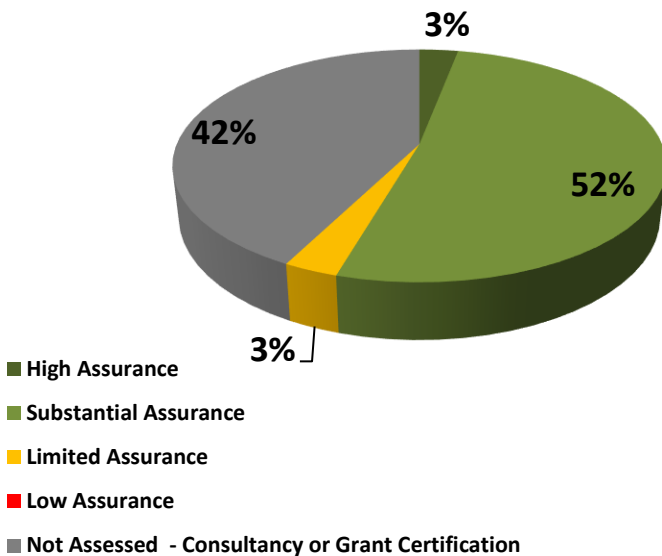
Our audit plan includes different activities each year – it is therefore not unexpected that these vary; however, the assurance levels do give an insight on the application of the Council's control environment and forms part of the evidence that helped inform the overall annual opinion.

The Internal Audit assurance levels over activities reviewed this year have remained positive – key financial systems and service processes have either a High or Substantial level of assurance. This year there were no Low Assurance opinions issued. There was one Limited Assurance.

We saw an increase in consultancy work this year – adding value by providing suggested improvements where there are known issues, developing systems or lessons to be learnt.

## Assurances

Summary of Assurances - 2022/23



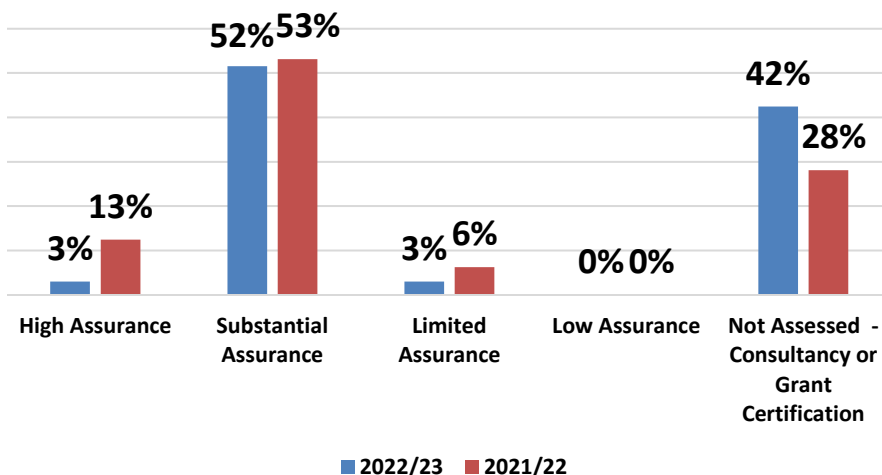
10% decrease in High Assurance this year

1% decrease in Substantial Assurance reports this year

3% decrease in Limited Assurance reports this year

14% increase in consultancy / grant work this year

Comparison of Assurances

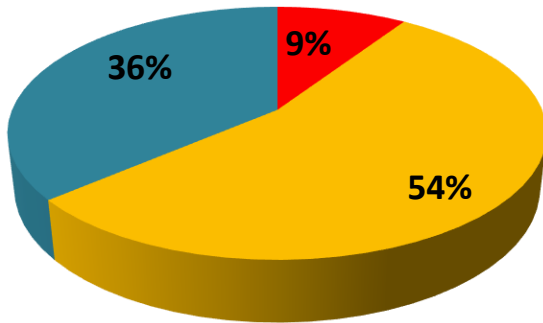




Our audit plan includes different activities each year – it is therefore not unexpected that these vary; however, the assurance levels do give an insight on the application of the Council's control environment and forms part of the evidence that helped inform the overall annual opinion.

## Recommendations

### Summary of Recommendations - 2022/23



■ High ■ Medium ■ Advisory

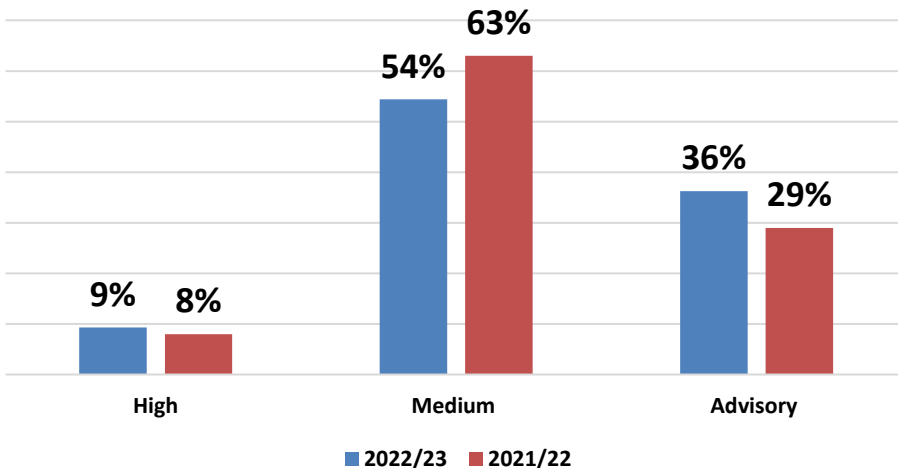
1% decrease in High recommendations during the period



9% increase in Medium recommendations raised during the period



### Comparison of Recommendations



7% increase in advisory recommendations raised during the period



# Benchmarking



Internal Audit's performance is measured against a range of indicators. The information below shows our performance on key indicators at the end of the year. Our KPIs have also been affected this year due to a developing team that required more time to complete the work, as well as experienced staff spending longer training and helping our new recruits. We expect the KPIs to improve for next year as we recruit to full capacity and the results of our training and guidance programme become embedded.

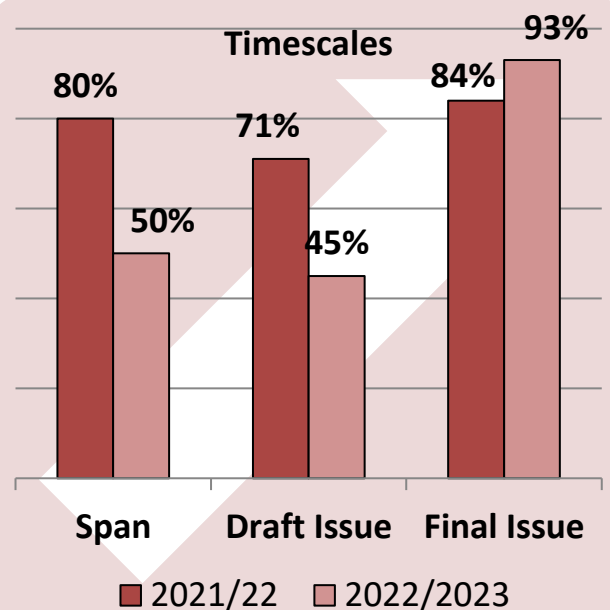
## Performance on Key Indicators



**Positive Feedback has been received**



**Revised Plan 86% delivered**





The County Council is part of an Internal Audit collaborative partnership, consisting of the in-house internal audit teams of County Council and City of Lincoln

By working together the partnership aims:

*‘To provide affordable, high quality support and assurance across our Council’s and external clients’*

We improve the overall quality of the services provided through:

- Sharing of knowledge and experience.
- Adoption of leading audit techniques and methods.
- Pooling resources across the organisations to make savings, improve efficiency and offer greater value for money to our clients through streamlining our audit plans to audit/research specific areas of common interest.
- Resource swaps – which strengthen resilience and sustainability – keeping local talent.

The County Council has the following significant external clients:

- North Kesteven District Council.
- South and East Lincolnshire Council’s Partnership.
- West Lindsey District Council.
- South Kesteven District Council.
- South Holland District Council.
- Lincolnshire Academies.
- Gainsborough Town Council.
- Charities.

From the 1<sup>st</sup> April 2023 we are no longer providing services to Newark and Sherwood District Council or providing Housing Subsidy work for to Lincolnshire Districts. Reducing resource demand by 385 days.

Our external clients help the team operate within existing budgets. In 2022/23 the internal audit service generated income of £483,840.

<b>Audit</b>	<b>Rating</b>	<b>High</b>	<b>Medium</b>	<b>Advisory</b>	<b>Total</b>
Supporting Families 1	Grant	-	-	-	-
Substance Misuse Grant	Grant	-	-	-	-
Bus Services Operator Grant	Grant	-	-	-	-
Supporting Families 2	Grant	-	-	-	-
Mosaic Finance Implementation follow up (Abacus Payment system)	Consultancy	1	-	-	1
LFR Procurement Card Usage	Consultancy	-	-	6	6
Capital Project Decision Making Process	Substantial Assurance	-	2	-	2
Allocation of Covid Business grants	Substantial Assurance	-	3	1	4
Ukrainian Refugee Settlement	Consultancy	-	9	-	9
Good Governance Review	Substantial Assurance (indicative)	-	2	2	4
Low Value Highways Insurance Claims	Substantial Assurance	-	1	2	3

<b>Audit</b>	<b>Rating</b>	<b>High</b>	<b>Medium</b>	<b>Advisory</b>	<b>Total</b>
Recruitment and Retention (data analytics)					
	Consultancy	-	-	-	-
Adults Financial Assessments	Substantial Assurance	2	4	3	9
Corporate Plan and Success Framework	Substantial Assurance	-	2	2	4
Review of Grantham Lincolnshire Fire & Rescue Tender	Consultancy	-	6	-	6
Asset Acquisition & Disposal of Land and Property	Consultancy	6	4	-	10
Payment System – Lessons Learnt					
	Consultancy	-	-	8	8
ICT Microsoft Office 365 Security	Substantial Assurance	-	4	2	6
Insurance	High Assurance	-	1	1	2
Debtors	Substantial Assurance	-	10	1	11
Bank Rec	Substantial Assurance (indicative)	-	2	-	2
Pensions Admin	Consultancy	-	-	-	-
Supporting Families 3	Grant	-	-	-	-

<b>Audit</b>	<b>Rating</b>	<b>High</b>	<b>Medium</b>	<b>Advisory</b>	<b>Total</b>
Barrowby Primary School	Substantial Assurance	2	14	9	25
Deeping St Nicholas Primary School	Substantial Assurance	-	3	6	9
Ingham Primary School	Substantial Assurance	-	3	5	8
Lincoln Leslie Manser Primary School	Substantial Assurance	-	6	5	11
South Hykeham Primary School	Substantial Assurance	1	3	3	7
Thorpe on the Hill St Michaels Primary School	Substantial Assurance	1	8	3	12
Wrangle Primary School	Limited Assurance	4	5	5	14
Waddingham Primary School	Substantial Assurance	2	16	4	22
Crowland South View Primary School	Substantial Assurance	-	3	6	9
Combined Assurance	Not Applicable	-	-	-	-
<b>TOTAL</b>		<b>19</b>	<b>111</b>	<b>74</b>	<b>204</b>



New Audits	
Audit	Scope
Ukrainian Refugee Settlement	To provide an independent review and assurance over the arrangements in place to deliver the Homes for Ukraine Scheme. Our review will concentrate on the arrangements from Lincolnshire County Council's perspective.
Procurement Tender	Lessons learned exercise around the contract management and tendering process.
Acquisitions & Disposals	It seeks to provide independent insight and assurance on the effectiveness of land and property asset disposals within the Council.
Payment system – lessons learned	Lessons learned exercise around contract management of Council's payment collection system.
Educational Transport	To provide an independent review of single occupancy transport, eligibility compliance and SEN children in the County.  Audit commenced and included in 2023/24 plan.
Grant Certification Work	Confirm grant used appropriately and conditions met.

### Cancelled or Deferred Audits

Contract Management	<p>Cancelled based on current business risk and to accommodate alternative priorities.</p> <p>Audit will be re-assessed as part of the resource planning process for 2023/24.</p>
Budget Management	<p>Cancelled based on current business risk and to accommodate alternative priorities.</p> <p>External consultant engaged to review Financial Management Code – this will provide an overview of assurance.</p>
Capital Projects – Financial Resilience & Decision making	<p>Cancelled based on current business risk and to accommodate alternative priorities.</p> <p>Audit will be re-assessed as part of the resource planning process for 2023/24.</p>
ICT PSN Compliance/ Cyber Security	<p>Cancelled - ICT plan priorities revised.</p> <p>Audit will be re-assessed as part of the resource planning process for 2023/24.</p>
Payroll	<p>Deferred as operational staff focus on BW implementation &amp; Principal Auditor seconded to support go live and transitional arrangements. Will be considered as part of the planning process for 2023/24.</p>
Green Master Plan	<p>Baseline research undertaken during 2022/23. Audit included in 2023/24 plan.</p>

**Auditable areas identified as part of the planning process but unable to schedule due to insufficient resources. Activities will be re-assessed as part of the resource planning process for 2023/24.**

IMT - Cloud Hosted Services	Review recent instances of cloud hosted services to establish the due diligence undertaken and the security deployed through that arrangement.
Commercial Activities	To provide assurance around the Council's ability to deliver and undertake commercial activities.
Integrated Care System	Review the effectiveness of the governance and accountability framework for the successful integration of health and social care.
Mental Health Services – 18 to 64	To provide assurance around services delivered by the external provider against the inherent risks and complexity of cases in this area.
ICT PSI DSS	This review will provide independent assurance that the Council is compliant with the PCI DSS standard.
IMT – Starters, Movers and Leavers	To review the arrangements around staff changes (starters, movers and leavers) from an IMT perspective.
ICT Patch Management	The review will focus on the patching of the Council's software to ensure that such software is kept up to date and safe against known exploits and provide independent assurance that the patch management process is operating effectively.
Asset Management: Software	Following on from the review of Software Asset Management undertaken in 2020/21, this consultancy review will examine the management and funding of business applications within the Council.

**Auditable areas identified as part of the planning process but unable to schedule due to insufficient resources. Activities will be re-assessed as part of the resource planning process for 2023/24.**

Physical and Environmental Security	Review to confirm that the allocation and use of privileged access rights is restricted and controlled.
ICT Governance	<p>Review of the effectiveness of the Council's IMT service and associated governance structures – including:</p> <ul style="list-style-type: none"> <li>▪ Corporate oversight</li> <li>▪ Roles and responsibilities</li> <li>▪ Decision making – linking to associated strategies</li> </ul> <p>Which ensure the IT infrastructure / strategy supports and enables the achievement of corporate strategies and objectives.</p>
HMICFRS – Action Plan implementation	To assess progress made against the HMICFRS Action Plan.
Fleet Management	To follow up implementation of actions not completed following previous review.
Civil Parking enforcement	To review arrangements in place for civil parking enforcement.
HR - Apprenticeship	To consider the Council's approach as an employer provider of apprenticeships - including corporate approach and value for money.
Records Management	To assess progress made in records management since previous audit reviews conducted in this area.

## Overdue incomplete actions for all prior year audits at 31/03/23

Activity	Issue Date	Assurance	Total Actions	Actions Imp	Priority of Overdue Actions			Actions Not Due
					High	Medium	Low	
General Ledger 21/22	Mar 19	High	3	1	0	2	0	0
	<p>It is confirmed that cumulative reconciliations are being carried out but the team have not had the opportunity to check how the debtors control accounts are working in the new BW system yet. The team are in the stabilisation period and focusing on working through reported issues. This will be looked at after the stabilisation period has completed. New target date of 30/09/23.</p> <p>The reports identified from the Reports workstream are about to be tested, so we do not yet know whether all reports work as expected. This will be resolved after testing has completed with a target date of 30/06/23.</p>							
Treasury Management and Investment Strategy 20/21	Aug 2020	High	5	4	0	1	0	0
	<p>The team members responsible for this have been heavily involved in the BW Project, and in resolving issues post go-live so the update of the TMPs has been treated as a lower priority than the BW Project work, given that treasury processes are working well. New target date of 31/12/23.</p>							
Payroll 21/22	Oct 21	Substantial	9	3	0	6	0	0
	<p>The actions relate to a number of areas including comms, training, guidance and reporting. Work has progressed through support with the BW Project but focus has been on the move to the new system. The intention is to complete all tasks following stabilization of the system. New target date of 30/09/23.</p>							

Performance Indicator	Annual Target	Actual
Percentage of plan completed	100%	86%
Percentage of recommendations agreed	100%	100%
Percentage of recommendations implemented	100% or escalated	100% or escalated*
<b>Timescales:</b>		
Draft Report issued within 10 days of completion	100%	45%
Final Report issued within 5 days of management response	100%	93%
Draft Report issued within 3 months of fieldwork commencing	80%	50%
Client Feedback on Audit (average)	Good to excellent	Good to excellent

\* Outstanding actions shared with Audit Committee via tracker reporting

**High**

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

**Substantial**

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

**Limited**

Our critical review or assessment on the activity gives us a limited level of confidence (assurance) on service delivery arrangements, management of risks, and the operation of controls and / or performance. The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

**Low**

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.

**Significance**

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance and impact.

Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

**Head of Internal Audit Annual Opinion**

The rating, conclusion and/or other description of results provided by the Head of Internal Audit addressing, at a broad level, governance, risk management and/or control processes of the organisation. An overall opinion is the professional judgement of the Head of Internal Audit based on the results of a number of individual engagements and other activities for a specific time interval.

**Governance**

Comprises the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the outcomes for intended stakeholders are defined and achieved.

**Risk**

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

**Control**

Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management - plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

**Impairment**

Impairment to organisational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel and properties and resource limitations (funding).