



North East Lincolnshire Council

Interim Audit Report 2024/25

Month 9

Introduction

The purpose of this briefing paper is to keep the Audit Committee Members informed in relation to the delivery of the audit plan, in particular:

- Summarising the outcome of work completed by 6 January 2025 (including 2023/24 work not completed by 30 June 2024), and bringing to the Committee's attention any issues identified during the 2023/24 audits which could impact on the annual opinion;
- providing assurance that sufficient work will be carried out to provide a reliable risk based annual opinion on the effectiveness of the control environment; and
- providing an update on the activities which have occurred during 2024/25 in relation to quality improvement, and to ensure Internal Audit's continued compliance with Public Sector Internal Audit Standards (PSIAS).

Audit work carried out.

A summary of audit reports issued since 30 June 2024 and up to 6 January 2025 is shown in Appendix 1. They include some audits which were largely carried out as part of the 2023/24 audit plan but have been reported in 2024/25 and therefore will be considered as part of the 2024/25 opinion. All reports issued in final have received "Substantial" or "Satisfactory" assurance. Based on the audits completed we are currently anticipating a "satisfactory" assurance rating.

We have also carried out work in relation to the certification of grants, including:

- Local Transport Plan and Potholes
- Supporting Families
- Bus Services Operators Grant

An important part of the audit process is for services to implement agreed actions by the agreed date, or when appropriate, to provide audit with an amended date if the original implementation date is no longer possible. At the Audit Committee held on 7 November 2024 audit provided an update on the progress services have made in implementing previous actions, and informed Members on the introduction of the upgraded action tracking system. A further update will be provided at the Audit Committee to be held in April 2025.

As well as its programmed assurance work, audit also provides advice on internal control, risk management and governance issues when requested.

Delivery of the Audit Plan

According to PSIAS 2010 “the chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation’s business, risks, operations, programmes, systems, and controls”

At the meeting of the Audit Committee held on 18 April 2024, the Head of Audit and Assurance presented the Internal Audit Plan 2024/25. The report provided an outline of the audit priorities and activities for 2024/25, how it will be delivered and resourced, a commentary on the methodology for its compilation, and assurance on compliance with auditing standards. As Members of the Committee will be aware it is subject to regular review and amendment to take account of changes in the Council’s risk profiles and priorities, and the level of audit resources available. As such an update on the plan was presented on 25th July 2024, which following the completion of audit planning, included a more detailed plan.

Progress in delivering this plan as of 6 January 2025 is shown on Appendix 2 and is summarised in the table below.

Status of 2024/25 planned audits as at 6 January 2025
(compared to the anticipated 55 audits)

Status of audits	Number	%
Complete	10	18%
Draft	4	7%
Audits subject to QA before the draft report is issued	1	1%
In progress	13	24%
In preparation	11	20%
Not Started	17	30%

Completion of 23/24 audits carried forward from 30 June 2024 as at 6 January 2025 (20 audits carried forward)

Status	Number	%
Complete	14	70%
Draft	3	15%
Audits subject to QA before the draft report is issued	0	0%
In progress	2	10%
Cancelled	1	5%

The number of audits completed at this stage of the audit cycle is slightly behind where ideally Audit would have liked to have been, but work has been carried out to assess the work which is required to be completed by 31 May 2025 compared to the resources available. The table below shows an updated resources budget currently estimated to carry out sufficient work to against the “chargeable time” used up to 8 December. The most notable difference is that the estimate for the resources required has been reduced from 825 audit days to 775 audit days, including contingency which may not be required. This change in the estimate of the resources required take into account of the time required to complete the work carried out so far, and an estimate of the resources required to complete the outstanding work.

Table1: Revised Plan and days charged as of 6 January 2025

Area	24/25 audit days planned			Actual days delivered	
	Mar-24	Jul-24	Dec-24	Dec-24	
Strategic Outcomes and Governance	350	319	264	100	Movement from the July resource budget explained in Appendix 2
Financial systems	120	100	100	32	Potential scope to reduce resource budget following an initial risk assessment carried out in November 2024
ICT	35	35	35	5	Three audits scheduled in from January 2025 and resource required from 3 rd party ICT audit support secured
Procurement and contract management	25	25	26	13	Revised budget based upon carrying out an audit of the overall approach to procurement and a sample of procurement exercises.
Probity and Counter Fraud	50	50	50	15	Counter Fraud audits have been identified. In relation to the

					National Fraud Initiative data has been uploaded and. Q4 work will be in responding to matches
Grant Certification	40	30	27	15	All anticipated grants requiring review up to 20 December 2024 have been certified
Advisory	60	50	66	35	Budget based on advisory requests in year. Potential for further reductions based on current trends
Follow up	30	30	30	17	All Limited assurance audits from 2023/24 have been revisited. Automated approach to action tracking has seen less resource required and therefore may not require all the time initially allocated.
Management time	75	75	75	49	
Work ongoing as of 30 June 2024 to be reported in 2024/25		37	42	32	Budget and time charged excludes work carried out by 3 rd party audit support
Contingency	65	74	60		
Total	850	825	775	309	

Three new recruits have recently joined the team. We have also obtained additional third-party support across the shared service in support of the completion of the 2024/25 audit plan in addition to that previously obtained to support the completion of the outstanding 2023/24 work. An analysis of the resources required against the resources available has been carried out and sufficient resources should be available to meet the remainder of the current plan and for the work to be complete by the planned date of 31 May 2025, but this is dependent upon:

- audit assignments overall are completed within their budget allocations to minimise the use of contingency;

- decisions are taken on the recruitment of the remaining 2.5 vacancies in the shared team (for resourcing purposes it was assumed that they would be in post during March 2025 but as of December 2025 have been put on hold);
- overall sickness absence is in line with anticipated levels
- not all the resource budgets for financial systems, grants and follow up will be required; and
- services respond promptly to audit requests to ensure that planned work is completed in a timely manner.

Audit will continue to review and re-prioritise the audit plan and supporting resources to ensure that they are focused on those assignments with the largest impact on the control environment, and will provide a further update at the next Audit Committee

Quality Assurance

It is a requirement of the audit standards to have Quality and Assurance Improvement Programme (QAIP) in place. The current one, together with Internal Audit's Strategy was brought to the Audit Committee in March 2024.

An important element of the standards is that every five years audit teams are subject to an external quality assessment (EQA) to assess compliance with the Public Sector Internal Audit Standards. The most recent external Inspection was carried out in November 2023 by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the outcome was reported to the Audit Committee in March 2024. This confirmed that "the internal audit function for North and North East Lincolnshire Council generally conforms to the Public Sector Internal Audit Standards", where 'Generally conforms' is the top rating available. Following the EQA an action plan was drawn up, and progress against the action plan is shown on Appendix 3.

During 2024/25 several quality review measures have been carried out to ensure compliance with the standards, including the following:

- continuing to ensure that all audit work is subject to supervision and review, with any emerging issues being discussed at monthly team meetings.
- regularly updating the Audit Manual which provides guidance to staff on how to carry out their work and team meetings to talk about the various sections of the manual.
- reminding team members of the Code of Ethics, including the consideration of ethical dilemmas at team meetings.
- monitoring the % of respondents to post audit questionnaires who thought that an audit was carried out well - as of 31 December 2024 (based on 24 completed questionnaires) this was 95%.
- monitoring the % of respondents to post audit questionnaires who thought that an audit added value - as of 31 December 2024 (based on 24 completed questionnaires) this was 96%.

- monitoring the timeliness of the completion of audits- as of 31 December 2024 against a target of 90%
 - 66% of audits had been issued in draft by the date agreed in the terms of reference, compared to 48% for the 2023/24 outturn
 - 64% were issued in final within 20 working days of the issue of the draft, compared to 62% for the 2023/24 outturn.

Further quality assurance and improvement activities to be carried out during the remainder of 2024/2025 and will be reported in the Annual Head of Audit Report and Opinion. This will include “cold” reviews by the Head of Audit and Assurance of a sample of completed files, a self-assessment against the current standards, and continued preparation for the introduction of the new standards from April 2025.

Appendix 1: Summary of Completed Audit work as of 6 January 2025

See attachment.

Appendix 2: Delivery of the Audit Plan 2024/25 up to 6 January 2025

See attachment

Appendix 3: Progress in implementing the actions from the External Quality Assessment as at 20 December 2025

To follow