

**South Kesteven District Council**  
**Internal Audit Progress Report**  
**June 2026**



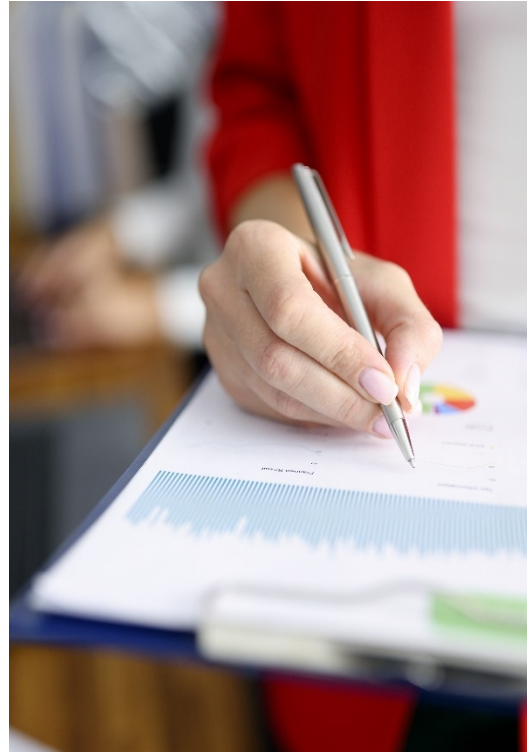
# Summary of 2025/26 and 2026/27 work

## Internal Audit

This report is intended to inform the Governance and Audit Committee of progress made against the 2025/26 and 2026/27 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Global Internal Audit Standards in the UK Public Sector. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

## Internal audit methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.



## Internal audit plan 2025/26

We have now completed our delivery of the audit plan with all audit reviews finalised.

We are pleased to present the following final report to this Governance and Audit Committee meeting:

- ▶ Stock Management.

This concludes our delivery of the 2025/26 Internal Audit Plan, and we are now commencing our work on the 2026/27 work.

## Internal audit plan 2026/27

Fieldwork is in progress in respect of the following audits:

- ▶ Accounts Receivable.

We anticipate presenting this report at the next Governance and Audit Committee meeting.







## Review of 2025/26 work

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Climate Plan	Director of Housing	18 June 2025	✓	✓	✓	S	M
Payroll	Assistant Director of Finance	23 July 2025	✓	✓	✓	M	S
Voids Management	Director of Housing	24 September 2025	✓	✓	✓	M	M
Performance Management	Director of Housing	13 November 2025	✓	✓	✓	S	M
Treasury Management	Assistant Director of Finance	21 January 2026	✓	✓	✓	M	S
Building Control	Assistant Director of Planning	21 January 2026	✓	✓	✓	S	M
IT Strategy	Deputy Chief Executive	21 January 2026	✓	✓	✓	S	M
Accounts Payable	Assistant Director of Finance	18 March 2026	✓	✓	✓	M	S
Market Services	Deputy Chief Executive	18 March 2026	✓	✓	✓	S	M
Financial Systems and General Ledger	Assistant Director of Finance	18 March 2026	✓	✓	✓	M	S
Stock Management	Deputy Chief Executive	25 June 2026	✓	✓	✓	L	L

## Review of 2026/27 work





AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Accounts Receivable	Head of Service (Revenues, Benefits, Customer Services and Community)	29 September 2026	✓	✓			
Sickness and Absence Management	Head of Service (Human Resources and Organisational Development)	29 September 2026					
Rent Collection	Head of Service (Revenues, Benefits, Customer Services and Community)	5 November 2026					
Equality, Diversity and Inclusion	Head of Service (Human Resources and Organisational Development)	5 November 2026					
Housing Compliance	Director of Housing and Projects	5 November 2026					
Asset Management Strategy - General Fund	Head of Service (Property and ICT)	21 January 2027					
Planning Services - Planning Application and Case Management	Assistant Director (Planning and Growth)	21 January 2027					
LGR Programme Governance and Readiness Review	TBC	18 March 2027					
Procurement Cards	Assistant Director of Finance	18 March 2027					
Renters' Right Act - Response to New Statutory Responsibilities	Head of Service (Public Protection)	18 March 2027					

## Key performance indicators




QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Governance and Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Engagement Partner or Engagement Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO was found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	
Quality of work	We received three responses to our audit satisfaction surveys for 2025/26 reviews, with an average score of 4.2/5 for the overall audit experience and for the value added from our work. The number of responses is lower than we would expect, and we will work with management team to increase the number of responses to our surveys during 2026/27.	  
Completion of audit plan	We have completed the 2025/26 Internal Audit Plan, with the final audit report presented to this Governance and Audit Committee meeting.	

# Appendix 1

## OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
 <b>Substantial</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
 <b>Moderate</b>	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
 <b>Limited</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
 <b>No</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

## RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
 <b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
 <b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
 <b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

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The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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