

AUDIT COMMITTEE REPORT

REPORT TO:	Audit Committee		
DATE:	3 July 2025		
TITLE:	Internal Audit Annual Opinion & Report 2024/25		
TYPE OF REPORT:	For Noting		
PORTFOLIO(S):	All		
REPORT AUTHOR:	Teresa Sharman, Head of Internal Audit		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
This report concludes on the Internal Audit Activity undertaken during 2024/25, provides an annual opinion concerning the organisation's framework of governance, risk management and control, concludes on the effectiveness of internal audit and provides key information for the Annual Governance Statement.
KEY ISSUES:
The Head of Internal Audit is able to give a 'Reasonable' opinion on the framework of governance, risk management and control overall at the Council.
OPTIONS CONSIDERED:
N/a
RECOMMENDATIONS:
<p>The Committee is requested to: -</p> <ul style="list-style-type: none">• Receive and consider the contents of the Annual Opinion Report of the Head of Internal Audit.• Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2025.• Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration when developing and reviewing the Council's Annual Governance Statement for 2024/25.• Note the outcomes of the Internal Audit's performance measures and the Quality Assurance and Improvement Programme (QAIP).
REASONS FOR RECOMMENDATIONS:
In receiving this report, the Audit Committee is fulfilling their terms of reference in monitoring internal audit activity.

REPORT DETAIL

1. Introduction

This report forms part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.

2. Proposal

The report sets out the Head of Internal Audit's annual opinion on the framework of governance, risk management and control.

3. Issues for the Audit Committee to Consider

Members should note the Head of Internal Audit's annual opinion and the reasons for this.

4. Corporate Priorities

Good governance.

5. Financial Implications

None.

6. Any other Implications/Risks

None.

7. Equal Opportunity Considerations

None.

8. Environmental Considerations

None.

9. Consultation

N/a.

10. Conclusion

The Head of Internal Audit's annual opinion is 'Reasonable' assurance in relation to the framework of risk management, governance, and internal control.

11. Background Papers

Appendix A – Internal Audit Annual Opinion Report 2024/25

EASTERN INTERNAL AUDIT SERVICES



Borough Council of
**King's Lynn &
West Norfolk**



BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK COUNCIL

Internal Audit Annual Opinion Report 2024/25

Head of Internal Audit: Teresa Sharman

Contents

	Page
Summary: Internal Audit Work 2024/25	1
Executive Summary:	
Purpose	2
Background	2
Scope of Responsibility	3
Head of Internal Audit Annual Opinion Statement	3
Audit Outcomes	7
Performance Measures Outcomes:	
Internal Audit PM Outcomes	8
Actions to Improve	8
Quality Assurance and Improvement Programme (QAIP):	
QAIP	9
Internal Assessments	9
External Assessments	11
Appendix 1 - Summary of Audit Work 2024/25	12
Appendix 2 - Summary of Audit Opinions	14

Summary: Internal Audit Work 2024/25

23
Audits in 2024/25 Audit Plan

0
High Recs Issued

28
Medium Recs Issued

39
Low Recs Issued

61
Imp Actions Made

Assurance opinions issued in year

Substantial	5
Reasonable	10
Limited	1
No	0
Position Statement	1
Risk Defined	1

49 outstanding recommendations at year-end.

Oldest – 1 Medium from 2019/20

Head of Internal Audit's Opinion 2024/25 - Reasonable

Substantial

Reasonable

Limited

No

Executive Summary

Purpose

The Head of Internal Audit should provide an annual report, detailing its opinion on the framework of governance, risk management and control, to those charged with governance to support the Council's Annual Governance Statement (AGS).

This report should include the following: -

- An opinion on the overall adequacy and effectiveness of the Council's governance, risk management and internal control environment.
- Disclose any qualifications to that opinion, together with the reasons for the qualification.
- Detail a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- Any control weakness considered by the Head of Internal Audit to be relevant to the preparation of the AGS.
- A summary of the work undertaken during the year to support the opinion, including any reliance placed on the work of other assurance bodies.
- An overall summary of the performance of the Internal Audit Service against its performance indicators.
- The results of the internal audit quality assurance programme, including details of compliance with Internal Audit Standards.

The purpose of this report is to satisfy this requirement, and Members are asked to note its content.

Background

The Head of Internal Audit role for the Council is provided by the Consortium, Eastern Internal Audit Services, hosted by South Norfolk Council.

	<p>All audit work is completed in accordance with the Global Internal Audit Standards and the CIPFA Local Government Application Note 2025.</p> <p>Internal audit provides an independent and objective opinion on the Council's internal controls by evaluation their effectiveness and operation in practice.</p>
Scope of Responsibility	<p>The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.</p> <p>In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions, and which includes arrangements for the management of risk.</p> <p>The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.</p> <p>This opinion statement is provided for the use of the Council in support of its AGS for the year ended 31 March 2025.</p>
Head of Internal Audit Annual Opinion Statement	<p>Opinion</p> <p>In summary</p> <p>I have considered the audit work for 2024/25 for the Council and am able to provide Reasonable Assurance in relation to the framework of risk management, governance, and internal control.</p> <p>In detail</p> <p>My opinion is based on the audit work completed in 2024/25, and the relative materiality of the issues arising from audit work as well as management's progress in addressing any control weaknesses identified. There are</p>

some areas which require the improvement of governance or internal controls to ensure the achievement of the Council's objectives where limited assurance was provided.

In arriving at my overall annual opinion: -

- I have considered the outcomes of all audits completed in 2024/25, particularly, the limited' assurance opinions as detailed below.
- I have considered management's progress with addressing outstanding recommendations from previous years as detailed below.
- Reliance has not been placed on any third-party assurances.

Limited opinions

One limited assurance opinion was issued in 2024/25, and key control weaknesses were identified as detailed below. These control weaknesses represent unresolved risks and should be considered for inclusion within the Council's Annual Governance Statement where the recommendations to address these remain outstanding at year end.

Contract Management (Final report issued September 2024)

Four medium recommendations were raised in relation to the management and monitoring of contracts, both of which are key responsibility requirements as detailed in Appendix 10 of the CSOs for Contract Managers; monitoring was informally undertaken and relevant KPIs were not always established to monitor performance.

Although KPIs and regular review meetings were included in tender specifications, this does not get included in contracts.

There was no contract management training for managers who manage contracts, although the CSOs refer to the need for Contract Managers to attend such a course.

The storing of contracts was not in one central place; therefore, the Contracts Register was not up to date and this is a published document.

The due dates for implementation range from March – September 2025.

This call impacts the ability of the Council to ensure that the service procured is received to the standard required.

Third party assurances

No third-party assurances have been relied upon.

Outstanding Recommendations

In relation to the follow up of management actions, to ensure that they have been effectively implemented, the position at year end 2024/25 is that 49 recommendations, crossing the years 2019/20 to 2024/25, were outstanding. In my overall annual opinion, I note the considerable effort made to implement outstanding recommendations and the positive direction in the amount outstanding which are older than 2023/24.

The table below shows the numbers by the year in which they were raised: -

Audit Year	No. Outstanding	No. of High	No. of Medium	No. of Low
2019/20	1	0	1	0
2021/22	2	0	1	1
2022/23	7	0	3	4
2023/24	33	3	14	16
2024/25	6	0	2	4
Totals	49	3	21	25

High recommendations

The high recommendations in 2023/24 relate to the Public Open Spaces audit and the Capital Programme.

The recommendation for the Capital Programme audit relates to reviewing and updating the Asset Management Plan and is 183 days overdue with resource constraints being the major issue in moving this recommendation forward. Two survey exercises are proposed a condition survey and one to look at the statutory compliance elements. However, an asset management plan is still to be commenced. A revised date of 31 July 2025 is in place.

For the Public Open Spaces audit, one of the recommendations cannot be completed as documents relating to the original Tree and Woodland Strategy cannot be located to inform the review at the five-year point, 2022. The focus is now on preparing and writing a new strategy in 2027; this recommendation is now to be closed. For the other recommendation, a new Tree Management Plan is being developed in line with the 2027 Strategy rather than updating the current one in line with other related policies; this recommendation is now to be closed.

Oldest recommendations

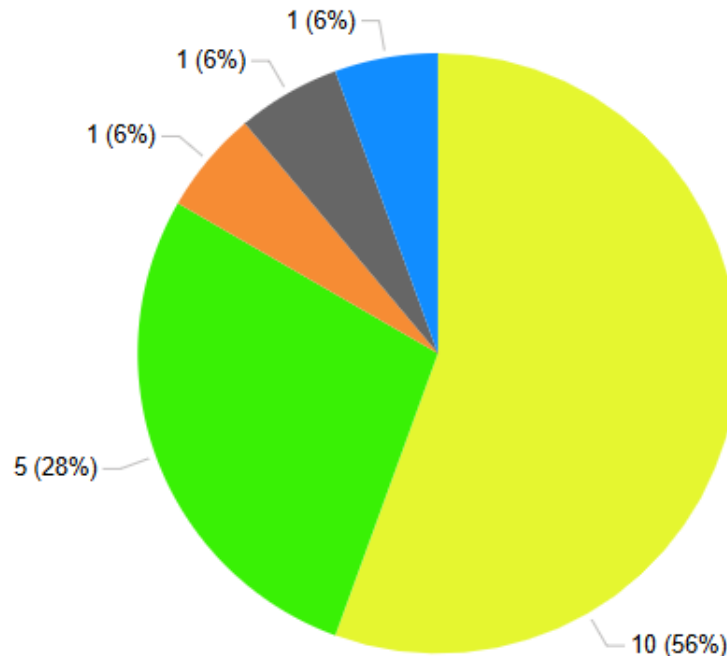
The oldest recommendation goes back to 2019/20 and relates to medium recommendation for developing a car parking strategy. A draft strategy is in place but has still to be approved by senior management and Cabinet. A new revised date of 31 December 2025 is in place.

The next oldest relates to the Policies audit and a medium recommendation relating to the need to hold all policies centrally. Due to resource constraints, this recommendation has not been progressed and a revised date is not in place.

Please refer to the separate Recommendations Follow Up report June 2025, which shows the details of the progress made to date in relation to the implementation of agreed recommendations, and which also provides an update from management regarding all outstanding recommendations.

Audit Outcomes

Below is the spread of audit opinions across audit work completed in 2024/25. Of the original 24 audits, one was combined (Key Controls and Income), five were deferred or cancelled and one was a position statement; therefore, 17 assurance opinions were issued as detailed below. For a detailed summary of audit work completed, please refer to Appendix 1.



The blue segment is for 'Risk Defined' which is the risk maturity assigned to the Risk Management audit.

Appendix 2 shows the assurances provided over previous and current audit years to provide an overall picture of the control environment.

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed, and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed, and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed, and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.
Position Statement	Advisory work and Follow Up work.

Performance Measures Outcomes

Internal Audit PM Outcomes

Detailed below are the outcomes of the in-house Internal Audit Team's performance measures which relate to the delivering internal audits for the Council. Currently, the Team has one KPI which is for client feedback. The table below shows the outcome for this KPI.

Feedback	
8 out of 16 returned	
Feedback score	3.3

The range for the possible scores is, 4 - excellent and 1 – poor.

Actions to Improve

The survey was revised in 2024/25, but this has not significantly increased the return rate. The Head of Internal Audit will work with ELT to improve this during 2025/26.

Other operational KPIs to inform the Team's performance in delivering internal audits and value for the Council have not yet been developed but will be looked at in 2025/26.

Quality Assurance and Improvement Programme (QAIP)

QAIP

What do the Standards say?

The chief audit executive must develop, implement and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme has two elements, internal assessments and external assessments.

At least annually, the chief audit executive must communicate the results of the internal quality assessment to the Audit Committee and senior management covering the internal audit function's conformance with the Standards and achievement of performance objectives and plans to address deficiencies and opportunities for improvement.

A quality assurance and improvement programme is designed to evaluate and promote the internal audit function's conformance with the Standards, achievement of performance objectives, and pursuit of continuous improvement.

The Head of Internal Audit is responsible for ensuring that the internal audit function is continuously seeking improvement. This requires developing measures to assess the performance of internal audit engagements, internal auditors, and the internal audit function. These measures form the basis for evaluating progress toward performance objectives including continuous improvement.

Internal Assessment

What do the Standards say?

The Head of Internal Audit must establish a methodology for internal assessments, that includes ongoing monitoring of the internal audit function's conformance with the Standards and progress toward performance objectives, periodic self-assessments to evaluate conformance with the Standards, and communication with the Audit Committee and senior management about the results of internal assessments. An action plan to address instances of nonconformance with the Standards and opportunities for improvement must be developed.

Ongoing monitoring

This involves the day-to-day supervision, review, and measurement of the internal audit function and is incorporated into the Team's routine policies and procedures used to manage the internal audit function. Ongoing monitoring is primarily achieved through supervisory reviews throughout audit work and the use of template working papers and documents, to ensure standardisation and consistency in the application of audit work.

A suite of performance measures needs to be developed; currently one is in place for obtaining feedback on audits completed.

Periodic self-assessments

These enable the internal function to validate its conformance with all the Standards. These evaluate: -

- The adequacy of the internal audit function's methodologies.
- How well the internal audit function supports the achievement of the Council's objectives.
- The quality of internal audit services performed, and supervision provided.
- The degree to which stakeholder expectations are met and performance objectives are achieved.

Results of self-assessment

A self-assessment has not been completed for 2024/25. This is because a wider self-assessment against the GIAS is still being completed by the Head of Internal Audit. Annual self-assessment will recommence once this is completed.

External Assessment

What do the Standards say?

The chief audit executive must develop a plan for an external quality assessment (EQA) and discuss the plan with the Audit Committee. The EQA must be performed at least once every five years by a qualified, independent assessor or assessment team.

Last EQA

An EQA was carried out in October 2022 by the Chartered Institute of Internal Auditors (IIA) against the previous Standards. The Internal Audit Service received a 'generally conforms' result, with conformance in 60 out of 64 areas (two areas were not applicable, and two resulted in 'partially conforms').

Progress with actions

One area of partial conformance was highlighted in coordinating and maximising assurance. Within the Strategic and Annual Plans report for the audit year 2023/24 presented in March 2023, an Assurance Map was provided, outlining the then top risks, along with first, second and third lines of assurance. This has not been repeated since.

The second area of partial conformance was raised to ensure that all EIAS clients receive an external quality assessment as it falls due on the five-year anniversary. This will be ensured at the five-year anniversary in 2027.

Summary of Internal Audit Work 2024/25

Appendix 1

Audit Area	Status	Opinion	Total Recs	High	Medium	Low	Imp Actions
Environmental Health - Food Health and Safety (Food premises' inspections)	Audit completed	Substantial	5	0	0	5	2
Housing Strategy - Homelessness Strategy	Audit completed	Substantial	0	0	0	0	0
Flood and Water Management (coastal and surface water)	Audit completed	Substantial	1	0	0	1	4
Data Centre	Audit completed	Substantial	3	0	2	1	5
Development Management - Planning and Enforcement	Audit completed	Substantial	2	0	0	2	0
Risk Management	Audit completed	Risk Defined	4	0	4	0	3
S106 Agreements	Audit completed	Reasonable	4	0	2	2	6
Corporate Health & Safety	Audit completed	Reasonable	4	0	2	2	3
Accounts Receivable	Audit completed	Reasonable	6	0	1	5	4
Care and Repair Agency (home improvement agency funded through the Better Care Fund (BCF)) (Handyman Service)	Audit completed	Reasonable	10	0	3	7	7
Economic Growth - St George's Guildhall & Creative Hub	Audit completed	Reasonable	0	0	0	0	0
Data Protection	Audit completed	Reasonable	7	0	4	3	5
Accounts Payable	Audit completed	Reasonable	2	0	1	1	4
Vehicle Fleet	Audit completed	Reasonable	5	0	3	2	2
Key Controls & Income	Audit completed	Reasonable	4	0	1	3	0
Network Infrastructure	Audit completed	Reasonable	4	0	1	3	0
Contract Management	Audit completed	Limited	6	0	4	2	7

Audit Area	Status	Opinion	Total Recs	High	Medium	Low	Imp Actions
Financial Sustainability - Cost Management and Income Generation Plan (CMIG)	Audit completed	Position Statement	0	0	0	0	9
Elections & Electoral Services	Cancelled	N/A	-	-	-	-	-
Property Services (Commercial & Management)	Cancelled	N/A	-	-	-	-	-
Application Audit - Civica (Revenues and Benefits system)	Cancelled	N/A	-	-	-	-	-
Legal Services	Cancelled	N/A	-	-	-	-	-
Car Parking & Civil Enforcement	Deferred	N/A	-	-	-	-	-

Grant Certifications

The following grant was certified by EIAS during 2024/25: -

- Disabled Facilities Capital Grants P/e 2023/24

Audit Opinions by Year

The following chart shows the audit opinions for audits over the last four years: -

(NB. Risk Defined has been categorised as 'Reasonable' for this bar-chart, hence this section is 11 not 10 as shown in the other charts)

