Lincolnshire
COUNTY COUNCIL

Working for a better future

County Offices
Newland
Lincoln
LN1 1YL

14 June 2013

Audit Committee

A meeting of the Audit Committee will be held on **Monday, 24 June 2013 at 10.00 am in Committee Room One, County Offices, Newland, Lincoln LN1 1YL** for the transaction of the business set out on the attached Agenda.

Yours sincerely

Tony McArdle
Chief Executive

Membership of the Audit Committee (7 Members of the Council + 1 Voting Added Member)

Councillors Mrs S Rawlins (Chairman), Mrs E J Sneath (Vice-Chairman), J W Beaver, N I Jackson, S M Tweedale, W S Webb and P Wood

Voting Added Member

Mr P D Finch

AUDIT COMMITTEE AGENDA
MONDAY, 24 JUNE 2013

Please note: for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details set out above.

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COUNTY COUNCIL
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AUDIT COMMITTEE
22 APRIL 2013

PRESENT: COUNCILLOR BARRY YOUNG (CHAIRMAN)

Councillors A N Stokes (Vice-Chairman), W J Aron, C Farrar, N I Jackson and
Mrs P A Mathers

Also in attendance: - Mr P D Finch (Independent Added Person)

Officers in attendance:- Tony Crawley (KPMG), David Forbes (Assistant Director
Finance and Resources), Stephanie Kent (Audit Manager), Claire Pemberton
(Assistant Head of Finance), Lucy Pledge (Head of Audit and Risk Management) and
Dave Simpson (Head of Finance – Communities and Corporate), John Sketchley
(Audit Manager), Sarah Tennant (Strategic Risk Manager), Mike Wood (KPMG) and
Rachel Wilson (Democratic Services).

51   APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

Apologies for absence were received from Councillor Mrs S Rawlins.

52   DECLARATION OF MEMBERS INTERESTS

There were no declarations of interest at this point in the meeting.

53   MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 28
        JANUARY 2013

RESOLVED

        That the minutes of the Audit Committee held on 28 January 2013 be
        confirmed and signed by the chairman as a correct record.

54   CORPORATE AUDIT PROGRESS REPORT TO 31 MARCH 2013

Consideration was given to a report presented by the Audit Manager, which provided
an update on progress made against the Audit Plan 2012/13. It was noted that good
progress had been made on the delivery of the Internal Audit plan for 2012/13, and
93% of the planned County Council audits had been carried out.

It was highlighted that all the internal audit work which had been completed between
31 December 2012 and 31 March 2013 was reported as having 'Substantial
Assurance'. The Committee was also advised that there were a number of audits
with the field work in progress, and also approximately 15 audits where the fieldwork
was complete and the final report was being concluded.

In terms of other significant work which had taken place, it was reported that by the end of the financial year, 49 audits in schools had been completed, as well as 19 shorter assurance visits. Five school audits had been re-scheduled for 2013/14 at the request of the client. It was also noted that an assurance service to academies was now being offered.

The Council's External Auditor (KPMG) reported that they had carried out a very high level review of the Council's management arrangements and no significant issues had been identified.

In relation to the fieldwork which was in progress for the ICT Disaster Recovery audit, it was queried where the difficulties in obtaining the necessary information were being encountered. Members were advised that this audit was being undertaken by Deloitte on behalf of the County Council, and there had been some problems with obtaining the information from Mouchel, although it was now understood that sufficient progress was now being made in this area. The Head of Internal Audit and Risk Management offered to contact Deloitte and obtain an update which would be circulated to Members. It was noted that as the reliance on ICT grew, delays of this sort were unacceptable, and Members were advised that assurance around ICT arrangements was one of the areas which would be highlighted in the Annual Governance Statement.

Concerns were also raised regarding the audits which had been delayed due to manager unavailability and the relevant officer being off sick. It was noted that internal audit would work with senior managers to schedule this work in, however, it was noted that there was a need for a contingency plan to ensure that there were no unnecessary delays. It was the role of the Audit Committee to ensure that the delays weren't being used as an opportunity for information to be hidden.

RESOLVED

> That the outcomes of the Corporate Audit work and identified actions be noted.

55   RISK MANAGEMENT PROGRESS REPORT TO 31 MARCH 2013

The Committee received a report which assisted in the fulfilling of the role of ensuring the Council had effective risk management arrangements in place, by providing an update on how well the Council's biggest risks were managed as well as reporting on the progress made in assisting the Council to adapt and change the way risk was considered.

It was reported that this was one of twice yearly updates on the Strategic Risk Register which the Committee had previously agreed to. The Council's strategic risks continued to be managed pro-actively overall and there was a good level of awareness of current and emerging issues, with positive action being taken where appropriate.

It was found that the approach of reporting on relevant strategic risks as part of the Combined Assurance Model had been a useful opportunity to take stock of the risks and validate management assurances which had been received.

The Committee was advised that the total number of strategic risks remained static at 15, which included one 'green' risk (low), 12 'blue' risks (moderate) and 2 'red' risks (high). It was expected that although the risk of 'Adult Social Care not able to live within budget' had move from red to green which reflected that the budget had balanced for 2012-13, the 'current' score would need to be re-assessed due to the start of the new financial year.

The risks around Adult Social care would continue to be monitored as the risk owner felt that management assurance was still limited, but good progress was being made.

There was still a good level of interest in risk appetite work, and workshops with Public Health were scheduled.

Queries were raised regarding the assurance methods which were relied upon for safeguarding adults, and the Committee was advised that new actions had been added into the Strategic Risk Register for that risk, and it was also assured that the risk was being managed pro-actively and dynamically and it would continue to be monitored.

There was no need for concerns regarding the two 'red' risks which had been static for a while, as these were for projects still in development, and when they began to be implemented the risk level should come down.

RESOLVED

That the current status of the strategic risks facing the council be noted.

56   COUNTER FRAUD PROGRESS REPORT TO 31 MARCH 2013

Consideration was given to a report which provided an update on the Council's fraud investigation activities and information on progress made against the Counter Fraud Work Plan 2012/13.

It was reported that the overall delivery of the work plan for 2012/13 had been good, although demand for investigations had limited the completion of some proactive work such as the launch of the new counter fraud and whistleblowing posters and leaflets which would be carried forward to the 2013/14 Work Plan. The successful recovery of £159.5k from the Proceeds of Crime process during 2012/13 was highlighted to the Committee as well as the insurers and pension confiscation of £21.4k.

The Committee was advised that there were 5 live internal investigations, and that two investigations had concluded since January 2013. One of these investigations resulted in management action and £675 was recovered in a case involving an

invoice scam – the company was referred to the Police and NFA's Action Fraud organisation. A fraud warning was also issued by the team to reduce the risk of recurrence. It was noted that it was believed that this was an isolated case, and there was no continuing risk. There were still three on-going Police investigations which were in the areas of contractor fraud and mandate fraud/payments.

It was noted that investigations continued to be the most resource intensive work.

In terms of the Lincolnshire Fraud Forum, it was reported that there was an agreement to have a single point of contact within Lincolnshire Police, and so far that was working quite well. However, there was a need to be aware of staffing changes within the Police it was hoped that something more formal could be put in place.

RESOLVED

    That the outcomes of the Counter Fraud Work be noted.

57   DRAFT INTERNAL AUDIT PLAN 2013/14

The Committee received a report which presented the draft internal audit plan for 2013/14. The Internal Audit Team worked to an annual plan of work which was agreed by this Committee and Senior Management. The plan was developed using the Council's Combined Assurance Model, a record of all assurances against critical activities and key risks.

It was hoped that assurances could be gained increasingly from other sources such as management, corporate functions or third parties from using the Combined Assurance Model, which would help to avoid duplication of work.

The Committee was advised that the CIPFA guidance on the production of an Internal Audit Plan was still up to date.

RESOLVED

    That the Internal Audit Plan for 2013/14 be agreed.

58   COUNTER FRAUD AND INVESTIGATIONS WORK PLAN 2013/14

The Committee received a report which provided an opportunity to consider the Counter Fraud and Investigations Work Plan 2013/14. It was reported that the Council's counter fraud arrangements demonstrated its continued commitment to strong governance and best use of resources. The Council's response to the National Fraud Authority's expectations towards tackling fraud and corruption was reflected in the 2013/14 Counter Fraud Work Plan. It was important that a counter fraud response and resilience was maintained as the changes to the Council service delivery evolved.

The Committee was advised that the Work Plan was developed around the six strands of the National Fraud Authority's (NFA's) model which were Culture, Prevention, Detection, investigation, Sanctions, Redress.

It was noted that almost half the counter fraud activity planned for 2013/14 was investigation work, but the Committee was advised that action plans were produced as a result of the investigation work, which would be used in the future to prevent further fraud activity.

There was satisfaction that value for money was being achieved from the cases which had not been progressed through the courts due to not enough evidence being available for a prosecution, as recoveries were still being made. It was noted that part of the Audit Manager's budget was conditional on monies being recovered.

RESOLVED

That the Counter Fraud Work Plan for 2013/14 be approved.

59   INTERNATIONAL AUDIT STANDARD - RESPONSE TO MANAGEMENT PROCESSES QUESTIONS

The Committee received a report which provided an assessment around whether the Council's financial statements could be mis-stated due to fraud or error.

It was reported that the Council was assessed as low risk that the financial statements would be materially mis-stated due to fraud or error, and it was thought that the assessment accurately reflected the management processes which were in place.

RESOLVED

That the assessment accurately reflects the Council's management   processes to minimise the risk of fraud or error in the financial statements.

60   EXTERNAL AUDIT PLAN

Consideration was given to a report by the Council's External Auditors which set out the external audit work and fees which were proposed to undertake the audit of the financial statements and value for money conclusion for 2012/13. It was reported that no significant risks in terms of the Pension Fund had been identified, and a separate report on the outcome of this audit would be brought to the Committee in September 2013.

The Committee was advised that the work on controls had just been completed, and there was nothing that had come out of that work that needed to be drawn to officers' attention. The External Auditors were not anticipating any problems in obtaining necessary information. It was also noted that there was no change to the approach to value for money and it would continue to follow guidance provided by the Audit Commission.

It was reported that there had been a significant reduction of 40% in the fee for the audit work compared to 2011/12 fee. The Committee was assured that this reduction was due to the changes which had taken place regarding the role of the Audit Commission, rather than a fundamental change in the work which was carried out.

The Committee was assured that controls in relation to IT systems and data, system changes, system development and computer operations were tested. Whilst some general IT controls work was undertaken, there was also focus on testing the specific applications and reports which were pivotal to the production of the financial statements. It was not anticipated that there would be any problems in obtaining the necessary information or that there would be an additional delay.

RESOLVED

That the External Audit Plan be noted.

61   STATEMENT OF ACCOUNTS 2012/13

The Committee received a report which summarised the changes to the Code of Practice on Local Authority Accounting which would be incorporated into the 2012/13 Statement of Accounts as well as the review of Accounting Policies.

It was reported that the Council was required to prepare its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the Service Reporting Code of Practice (SeRCOP), which both ensure that the accounts were prepared using "proper accounting practice". It was noted that the format of the accounts and accounting requirements were largely the same as in 2011/12, however, a number of minor changes had been introduced in the Code of Practice for 2012/13. These changes included the inclusion of an Explanatory Foreword to bring the reporting in line with that undertaken by other government bodies including the NHS, as well as amendments in relation to IFRS 7 financial Instruments: Disclosures (transfers of financial assets).

RESOLVED

1. That the changes required to the Statement of Accounts from the Code of Practice be noted;
2. That the Statement of Accounting Policies for use in drawing up the Council's accounts for the financial year ending 31 March 2013 be approved.

62   WORK PLAN

Consideration was given to a report which provided information on progress against agreed actions as well as the Committee's work plan up until November 2013.

The Committee was reminded that there would be training taking place in relation to the Statement of Accounts on the morning prior to the meeting on 22 July 2013. It

was proposed that the meeting would commence at 1.15pm to allow the training to take place in the morning.

RESOLVED

1. That the progress of agreed actions be noted;
2. That the work plan be approved;
3. That the agenda items for the meeting on 24 June 2013 be agreed;
4. That the Training and Development Plan for the Committee for 2013/14 be agreed.

The meeting closed at 11.35 am

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Lincolnshire
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Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director of Resources and Community Safety	

Report to:	**Audit Committee**
Date:	**24 June 2013**
Subject:	**Combined Business Continuity Management and Emergency Response and Recovery Assurance Report**

Summary:

The aim of this report is to provide Audit Committee with an insight on the assurances received from the Council's critical services and support systems with regards to Business Continuity Management and Emergency response and recovery.

Recommendation(s):

That the Committee:

1. Note the current status with the combined assurance report.
2. Provide feedback on any changes it may wish for future reports.

Background

This is the first Combined Business Continuity Management and Emergency Response and Recovery assurance report.

We have co-ordinated the assurance information from management, Corporate functions and external audit to show what assurances the Council currently has for its most critical services and systems.

Attached in Appendix A is the detailed report for consideration by the committee.

The report covers:

- **Business Continuity Management arrangements -** are suitable arrangements in place to ensure the most critical services can continue to function at an acceptable level during an emergency or other incident or disruption affecting only the Council.

- **Emergency Planning and preparedness -** that the Council and its key services are prepared and able to respond to and recover from emergencies affecting the wider communities of Lincolnshire.

Conclusion

Overall, the resilience of the Council's critical services continues to improve through the development and improvement of their Business Continuity arrangements. A programme of exercising and review is on-going to ensure these arrangements are fit for purpose and meet business needs.

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

| These are listed below and attached at the back of the report	
Appendix A	Combined Business Continuity Management and Emergency Response and Recovery Assurance Report

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Derek McKim, who can be contacted on 01522 552249 or derek.mckim@lincolnshire.gov.uk.

Combined Assurance

Status Report
Business Continuity Management &
Emergency Response & Recovery

Date: May 2013

Contents

Introduction

This is the first combined assurance report which provides an opinion on the effectiveness of the Council's Business Continuity Management (BCM) and Emergency Response and Recovery arrangements.

This report provides a record of assurances against the Councils ability to fulfil its key duties as a *'Category 1 responder'.* These being:

- That suitable arrangements are in place to ensure the most critical services can continue to function at an acceptable level during an emergency or other incident or disruption affecting only the Council – **Business Continuity Management arrangements.**

- That the Council and its key services are prepared and able to respond to and recover from emergencies affecting the wider communities of Lincolnshire – **Emergency Planning and Preparedness**.

Our aim is to give senior management and the Audit Committee an insight on assurances across all critical activities.

The Key Messages section provides an overview of these assurances with more detail provided within the appendices.

Scope – Business Continuity Management

We gathered information on our:

- ➢ **Command & Control systems** – our management capability to respond to internal & external incidents or emergencies.
- ➢ **Critical services** – those services whose disruption or failure could result in significant damage to our reputation, financial loss or impact on people.
- ➢ **ICT management activities & applications** – the measures in place to ensure the resilience of key ICT systems & applications.
- ➢ **Key suppliers, partners & providers** – the organisations that provide or support our critical services.
- ➢ **Corporate support functions** – the essential Council functions that would support an internal or external response.

Scope – Emergency Response & Recovery

We gathered information on our:

- ➢ Capability and capacity to meet the **duties within the Civil Contingencies Act** and other **hazard-related legislation.**
- ➢ Capability and capacity to undertake the specific roles of a **local authority as 'lead responder'.** (at corporate, service and Emergency Planning Unit levels) as per relevant guidance.
- ➢ Compliance with associated **Contingency Planning Regulations** (2005) and self-assessment against the Cabinet Office **'expectations and indicators of good practice'.**
- ➢ **Emergency response and recovery** arrangements and ability to effectively co-operate with other responders as part of a co-ordinated multi-agency response to emergencies.

Methodology

We have developed a combined assurance model using information provided by Council Management, Business Continuity Management (BCM) and Emergency Planning teams, as shown below:
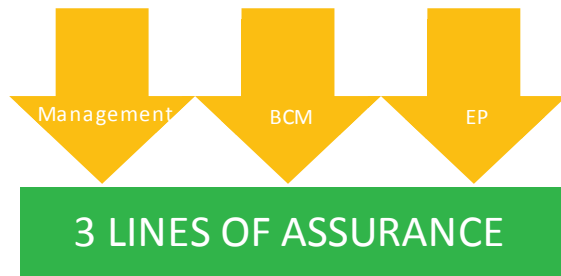
We've also used the internal audit of critical services and the Corporate BCM function.

Our approach includes a critical review or assessment on the level of confidence the Board can have in the Council's BCM and Emergency Planning arrangements and its ability to recover from an internal incident or external emergency. We did this by:

➢ Speaking to senior and operational managers who have day to day responsibility for managing and controlling their service activities.
➢ Outcomes from EP and BCM exercising, learning lessons from incidents/near misses.
➢ Reviewing and assessing key partner, supplier or provider BCM arrangements.
➢ An assessment of the management arrangements for the continuity or recovery prioritisation of key ICT applications during a disruption.
➢ Support provided by the Internal Communications team and Corporate Property.

➢ Where an emergency response role is provided across a range of services (e.g. welfare of survivors/evacuee's), we examined preparedness across the range of provider services.
➢ We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.
➢ The overall assurance opinion is based on the assessment and judgment of senior management. The BCM team has helped co-ordinate these and provided some challenge but as accountability rests with the manager, we used their overall assurance opinion.

Key Messages

Business Continuity Management Response

Overall, responses from managers show a medium to high level of confidence in the resilience of critical services and support activities. These are represented by Directorate or activity in the table below. These opinions are supported by the current level of maturity of the Council's Business Continuity Management (BCM) programme and more emphasis being placed on exercising 'critical' service Business Continuity Plans (BCP) during 2012 and 2013.

Exercising is an on-going process and will be essential for assessing the progress of critical service BCM arrangements particularly with areas identified below as Amber. Once a review of Public Health's BCPs is complete, work on aligning these with the Council's BCM arrangements will take place followed by a programme of exercising.

Existing procedures to identify and assess the Council's most essential suppliers, partners and providers currently provide a medium level of confidence. However recently updated guidance and support from the BCM team should improve this assessment. This support is also being provided to Corporate Support Functions.

An assessment of the External Command & Control response provided by the Lincolnshire Resilience Forum and the Internal response by the Corporate Incident Management Team have yet to be obtained.

The ICT outage in late 2010 emphasised the importance of ICT services and applications to the Council and its critical services. As part of the 2012/13 internal audit plan, an external audit of the Disaster Recovery arrangements in place for the Council's ICT systems and applications was undertaken in early 2013. This was to ensure that adequate arrangements were in place to recover from a disruption to or failure of these systems and applications. At this time no assurance opinion has been provided.
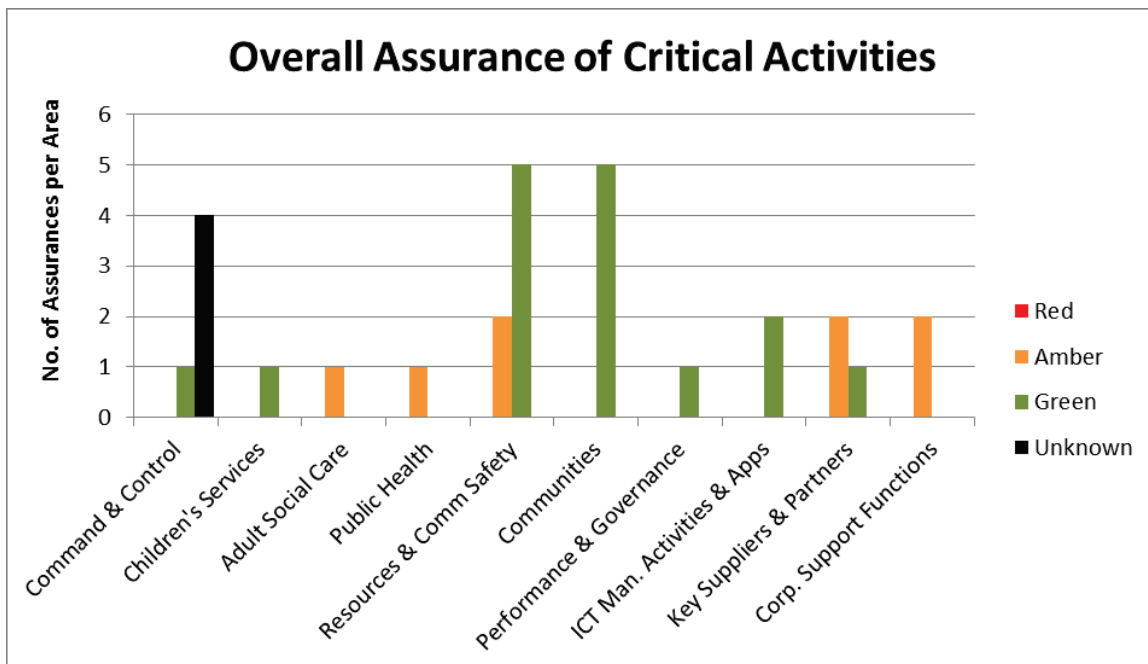
Overall Assurance of Critical Activities

Emergency Response & Recovery

In any 'emergency' (as defined by Civil Contingencies Act) the County Council has lead responsibilities that include the welfare of victims, evacuees, and of responders, provision of emergency shelter (with Districts) the co-ordination of the voluntary sector, a community leadership role and lead for all recovery efforts.

Whilst the lead roles and responsibilities for the county council as a 'category one' responder has not changed, the way in which we deliver these responsibilities continues to evolve through a reducing resource-based capacity and, increasingly, will includes services commissioned or procured through third party providers. There have been a significant number of training and exercising opportunities and real-time small-scale emergencies that demonstrate our ability to provide co-ordinated responses, with the additional operational duties as Lead Local Flood Authority (LLFA) being tested through local flooding in the summer of 2012 and again throughout December.

In particular, we have strengthened our command and control processes and made progress on comprehensive recovery planning. Our arrangements to co-ordinate the voluntary sector through a 'memorandum of understanding' with local and national bodies is held as good practice, and the County Council and Fire & Rescue Service have been the driving force behind the regeneration of the Local Resilience Forum (LRF) into an effective and high performing resilience partnership (including the creation of a joint emergency management service managed by EPU). EPU continues to deliver a facilitative service to the 7 Districts via a funded service level agreement.

The overall assessment is that we retain the capabilities and capacity (including effective mutual aid arrangements) to respond to emergencies and deliver those lead roles and responsibilities ascribed to local authorities, with the exception of mass evacuation due to limitations in emergency shelter infrastructure. This assurance exercise has identified a number of priorities going forward including;

    i) Importance of retaining organisational resilience and the capacity to commit services to respond to wider-area and prolonged emergencies.

    ii) Determining how best to promote emergency preparedness to contracted care providers;

    iii) Building/strengthening the resilience of the most vulnerable adults/children in receipt of care services to the main and 'enduring' community risks facing Lincolnshire

    iv) Enhancement of multi-agency co-ordination of crisis management and emergency response phases for those vulnerable adults/children in receipt of care services

    v) To formally agree (in negotiation with adult & children's services, districts and the voluntary sector) the processes, roles and responsibilities in providing emergency evacuation shelter, welfare support and accommodation

    vi) Better co-ordination of emergency preparedness and business continuity management within the council, and improve the performance of our duty to 'promote business continuity' to local businesses and voluntary sector.

Next Steps

Business Continuity Management

Business Continuity Management (BCM) is a holistic and continuous process that ensures critical services can still be provided to an acceptable level during a disruption or major incident. To ensure the Council's BCM arrangements remain effective, fit for purpose and able to meet the changing business needs of the organisation, the following will be done:

- Critical service area Business Continuity Plans (BCP) will be regularly reviewed by the plan owners and the BCM team on an annual basis to ensure they are kept up to date and reliable.
- The BCM arrangements of key suppliers, service providers and partners will be sufficiently evidenced and continually assessed throughout the contract term.
- BCPs will be exercised at least annually to validate BCM arrangements and ensure that they are fit for purpose and meet business needs.
- Lessons identified following BCM exercises or incidents are recorded and BCPs are updated accordingly.
- BCM will be promoted on an on-going basis to critical and less critical service areas using a variety of mediums and methods.
- The BCM Strategy will be kept up to date to ensure it reflects the most current position of the BCM programme.
- Supply chain resilience will be promoted throughout the Council and particularly within its most critical services.

Emergency Response & Recovery

This assurance exercise has identified a number of priorities going forward including;

- Determining how best to promote emergency preparedness to contracted care providers;
- Building/strengthening the resilience of the most vulnerable adults/children in receipt of care services to the main and 'enduring' community risks facing Lincolnshire
- Enhancement of multi-agency co-ordination of crisis management and emergency response phases for those vulnerable adults/children in receipt of care services
- To formally agree (in negotiation with adult & children's services, districts and the voluntary sector) the processes, roles and responsibilities in providing emergency evacuation shelter, welfare support and accommodation
- The creation of an LCC 'Resilience Group', bringing together EP, BCM, Fire Safety and Public Health EP with Adults & Children's Services to address the above points in the most effective and efficient way, through an agreed work programme
- Better co-ordination of emergency preparedness and business continuity management within the council, and improve the performance of our duty to 'promote business continuity' to local businesses and voluntary sector.
- Develop operational/service level training and awareness (e.g. computer based training)
- Complete recovery planning (and test) – includes develop an emergency procurement framework

Command & Control Systems

Business Continuity Management Response

The Corporate Business Continuity Plan (BCP) is rated as Amber as it has recently been reviewed and updated but has not been formally exercised since March 2010. In saying this, the Corporate response has been activated on a number of occasions recently including fuel disruptions, severe weather, industrial action and it was also exercised during exercise Watermark in mid 2011.

An exercise of the Corporate BCP is planned for later in 2013. This will provide the opportunity to assess whether recent developments of the plan are effective and fit for purpose.

Emergency Response & Recovery (lead business recovery & local community recovery & leadership roles)

The creation of *strategic* (Gold) and *tactical* (Silver) cadres of nominated senior officers, together with a '24/7' duty rota administered by EPU, ensures the organisation provides a coherent, more resilient response to emergencies and major events. Command support is provided by EPU (includes facilitating access to legal and financial advice) with assistance from Business Support, and a principle of 'early identification' of emergencies and engagement of LCC strategic leads in multi-agency 'precautionary' Gold's has been established. Head of Service (EPU) provides 'senior advisor' role to LCC command cadre during emergencies or incidents of note.

The LRF training & development strategy provides regular training and exercising opportunities, and a number of 'new' cadre members have been supported through EPU briefings. It is regular good practice for LCC 'Golds' to receive pre-briefings on the major events in the county (Olympics, Airshow, Xmas Market). The county emergency centre remains the primary site for partnership responses, reflecting investment by LCC in facilities, connectivity and communications support.

LCC EPU continues to provide effective secretariat support arrangements for multi-agency strategic and tactical co-ordination on behalf of the Local Resilience Forum. It also provides generic secretariat (Head of Service role) services for the partnership and is responsible for information sharing protocols and freedom of information requests, *etc.* It is also responsible, in consultation with partners, for the activation of emergency response & recovery processes in the county. Through the SLA with Districts, the service also seeks to co-ordinate and standardise response across local authorities in the county.

In May 2013, the Local Resilience Forum's Exercise Georgiana will test the co-ordination of a multi-agency emergency response to a major transport accident, one of the higher enduring risks to the county. This will provide the next opportunity to test the Council's corporate response processes, search and rescue, humanitarian assistance and welfare, and the provision of temporary mortuary facilities.

Testing of LCC's lead responsibility for recovery and the design and delivery of *operational* (Bronze) level training for critical service areas, are priorities for 2013.

On a smaller scale, and for less prolonged wide-area 'incidents', the Joint Emergency Management Service (run by County Council) has proved to be effective in co-ordinating multi-agency threat assessments and integrated responses.

LCC retains a specific 'shore-based command' responsibility under the National Contingency Plan for Marine Pollution and Offshore Installations. This is currently met by Head of Service, EPU as nominated 'County Oil Pollution Officer'. The County Council is also responsible for all 'off-site' planning for Control of Major Hazards (COMAH) sites and for Pipeline Safety.

Business Continuity 'Critical Services' & Emergency Response & Recovery 'Lead Roles & Responsibility Areas

Business Continuity Management

The Workforce Change programme in 2011 initiated many changes with service provision which had significant implications for the way Business Continuity Management (BCM) was provided across critical service areas. A process of re-engagement with existing and new senior management is on-going. This process has proved essential due to the restructuring of service areas and the managers responsible for these areas. A process of exercising BCM arrangements / plans is on-going which will validate the arrangements and ensure that they meet current business requirements.

The information within the following sections shows the assurances currently established and the level of confidence in the effectiveness of the BCM arrangements currently in place. My general opinion of the resilience of the critical service areas is Green. This opinion comes from knowledge of the service areas, their management teams and their responses during exercises and previous incidents or disruptions.

The majority of services exercised in the last year have been given 'Substantial' assurance. Actions from these exercises have been recorded and their completion will be kept up to date by the BCM team. Exercising provides more confidence in the resilience of services and ensures, to some degree, that their BCM competence and capability remains effective, fit for purpose and up to date. The following sections will provide more detail on how resilient the critical service areas are and any measures to improve this.

Emergency Response & Recovery

In any 'emergency' (as defined by Civil Contingencies Act) the County Council has lead responsibilities that include, the welfare of victims, evacuees, and of responders, the co-ordination of the voluntary sector, a community leadership role, and will lead all recovery efforts.

Whilst the lead roles and responsibilities for the county council as a 'category one' responder has not changed, the way in which we deliver these responsibilities continues to evolve and, increasingly, includes services commissioned through third party providers and the voluntary sector.

There have been a significant number of training and exercising opportunities and real-time emergencies that demonstrated our ability to provide co-ordinated responses, with the additional response duties as Lead Local Flood Authority (LLFA) being tested through local flooding in the summer of 2012 and again throughout December.

There have been a significant number of training and exercising opportunities and real-time emergencies that demonstrated our ability to provide co-ordinated responses, with the additional response duties as Lead Local Flood Authority (LLFA) being tested through local flooding in the summer of 2012 and again throughout December.

The overall assessment is that we retain the capabilities and capacity (including effective mutual aid arrangements) to respond to emergencies and deliver those lead roles and responsibilities ascribed to local authorities. In particular, we have strengthened our command and control processes and made progress on comprehensive recovery planning. Our arrangements to co-ordinate the voluntary sector through a 'memorandum of understanding' with local and national bodies is held as good practice (see WAO report), and we have led the LRF in its 'capabilities' emergency planning to meet the most enduring risks to the county through the creation of a joint emergency management service.

However, we need to develop work with members post elections to better understand our 'community leadership' role, including communication during emergencies and improve accessibility to elected members training. Building community resilience remains a strong theme for HM Govt, the LRF and LCC alike, and we need to improve on our current record of engaging communities in local emergency planning.

Although members of EPU undertook a series of secondments to critical service areas in early 2012 a key challenge, which is partly met by this combined audit, is to ensure all cadre members and EPU maintain 'organisational awareness' in order to deliver a coherent and corporate response to major emergencies. Further discussions to strengthen the emergency planning and business continuity advice and guidance, and the inspection / quality assurance processes for commissioned services would be useful.

Children's Services

Business Continuity Management   (Green)

The Directorate's 'Critical' services are:

- Lincoln Secure Unit
- Emergency Duty Team
- Screening of referrals
- Protection of children - section 47 enquiries and children subject to child protection plans
- Residential provision (Children)

Following Workforce Change, there have been a number of changes to Children's Service senior management roles & responsibilities. During 2012 the BCM team engaged with the new management team to re-emphasise Business Continuity Management (BCM) roles and responsibilities.

During an independent audit in 2011 covering Corporate and service area BCM arrangements, a number of areas were identified where improvements were required with the Children's Services Business Continuity Plan (BCP). Working with the Children's Services Assistant Director, a single Directorate BCP was created covering the Directorate's critical services. All the actions from a desk-top exercise undertaken in February 2012 have been completed and an opinion of Substantial would now be given.

Recognising the considerable reliance the Council has with suppliers, providers and partners providing or supporting our critical services, significant progress has been achieved with the Children's Services Commissioning team to ensure the effectiveness of its key suppliers, providers and partners BCM arrangements. The BCM team is also working with a Children's Services working group to develop a BCP template for Children's Centres. This will put contingencies in place to assist a Centre when dealing with a disruption or incident affecting its premises or service.

<u>Areas for further work</u>

- More promotion of BCM and the Directorate's BCP is needed due to changes to Heads of Service and managers of critical services. This will be done by the BCM team during another exercise in 2013.

Emergency Response & Recovery (provision of welfare support, humanitarian assistance, shelter & accommodation for victims, survivors and evacuees)

Effective command & control systems in place (via SMT) and access (via EDT in emergencies) to ICS information systems re 'cared for' children & young persons, children with disabilities, safeguarding issues, *etc.*

Given the limitations to local mass evacuation infrastructure, EPU currently exploring access to academy status school premises and (potentially) specialist children's centres, for emergency evacuation and shelter.

As with Adult Services (see next section) opportunities exist to determine how best to i) promote business continuity and emergency preparedness to contracted care providers, and ii) build/strengthen the resilience of the most vulnerable adults/children to the 'enduring' community risks in Lincolnshire.

EPU also needs to continue work with both Children's & Adult Services to enhance multi-agency co-ordination of crisis management and emergency response phases for those vulnerable adults/children in receipt of care services (whether in residential setting, foster placement or 'at home').

Adult Social Care

Business Continuity Management   (Amber)

The Directorate's 'Critical' services are:

- Assessment & Care Management of Physical Disability/Older People
- Assessment & Care Management of Learning Disability
- Community Supported Living (Home support & day services Learning Disability)
- Hospital Social Work
- Adult Safeguarding
- Emergency Duty Team (Adults)
- Brokerage
- Lincolnshire Assessment & Reablement Service (LARS)
- Community mental health teams

The Business Continuity Plan (BCP) was exercised on the 18th of March 2013 and the outcome was 'Substantial' assurance.

In mid-2012 the Adult Social Care (ASC) Commissioning and Operations divisions were brought together and a new Directorate management team created. It was also agreed that the best approach for Business Continuity Management (BCM) within the new ASC structure was to have a single BCP covering its critical services. A single BCP has been developed from the previous BCM work done and covers the Directorate's critical services.

Elements of the BCP were tested during an actual disruption to services in late 2012. The contingencies within the plan provided an effective response to the incident. ASC have also developed a Winter Escalation Plan to ensure it can respond effectively to any winter pressures.

Areas for further work

- Recently updated BCM guidance and procedures for key suppliers, service providers and partners needs to be shared with ASC. The BCM team will liaise with ASC Commissioning to ensure this is done.

Emergency Response & Recovery (provision of welfare support, humanitarian assistance, shelter & accommodation for victims, survivors and evacuees)

Regular experience of 'winter pressures' planning provides continuing assurance of capabilities and processes to work with providers and health colleagues to identify alternative emergency accommodation and shelter. AS have also developed an effective 'intelligent' database identifying spare capacity within residential settings that will aid emergency responses in event of evacuation, etc.

Identifying vulnerable persons and accessing critical information can be achieved through the Emergency Duty Team (EDT) on a 24/7 basis, with a delegated manager call-out system providing operational command during emergencies.

On-going pre-planning for coastal flooding (mass evacuation and shelter planning) and implementing agreed actions from a recent review of multi-agency responses to incidents at Care Homes enhances internal emergency planning, and will offer resilience support to providers at risk from flooding or other hazards, including evacuation planning and specialist transport provision. This joint work with Adult Services and FRS has generated grant community resilience funding from DEFRA, and has the potential to be extended to supporting key providers of Home Care.

Adult & Children's Services;

The processes, roles and responsibilities in providing emergency evacuation shelter, welfare support and accommodation for both local, small-scale incidents and emergencies (including mass evacuation) need to be formally negotiated by EPU with both adult & children's services, districts and the voluntary sector.

Mutual training opportunities have been discussed, including need to refresh EP awareness of current care provision, special needs and safeguarding issues.

Public Health

Business Continuity Management   (Amber)

The Directorate's 'Critical' Services are:

- Community Infection Prevention and Control

From 1 April 2013 Public Health responsibilities moved from Primary Care Trusts to Local Authorities. As such a formal review of existing Public Health Business Continuity Plans (BCP) will be undertaken to assure alignment with the County Council, this will involve a review of the Public Health critical services list. Following this, a programme of exercising BCP's will be developed.

<u>Areas for further work</u>

- Review of existing Business Continuity plans and critical services in line with the Director of Public Health's new statutory responsibilities.

Emergency Response & Recovery (provision of management of health hazards during emergencies – community engagement)
The Local Health Resilience Partnership (LHRP) provides the strategic forum for local organisations to facilitate health sector preparedness and planning for emergencies at the Lincolnshire LRF level. This group is co-chaired by the Director of Public Health (DPH) and the Director of Operations and Delivery for the NHS CB Area Team. Through this group assurance will be given to the DPH for Emergency Planning Resilience and Response (EPRR) within the Health Community.

The Public Health Emergency Planning Team will work with the Joint Emergency Management Service to ensure the Public Health view is considered in all aspects of Emergency Planning.

Resources & Community Safety

Registration and Celebratory Services - Business Continuity Management   (Amber)

The service area's 'Critical' services are:

- Deaths registration
- Registration service

The service area Business Continuity Plan (BCP) will be exercised on the 15th of April 2013.

The key risks to the service relate to the ability to meet its statutory obligations in relation to:

- Births and deaths
- Marriages and civil partnerships
- Ceremonial events

Registration and Celebratory Services has comprehensive Business Continuity Management arrangements for these services which are regularly updated. Risk management is a standing agenda item for the management team and lessons learned from operational activity feed into the risk register and service area BCP.

Areas for further work

- A key risk for the service is ensuring that HM Coroners have sufficient and appropriate support in place to enable the investigation of deaths. The Coroners Service is currently developing a BCP for the services it provides and Registration and Celebratory Services will work with them to review and update this plan.

Registration and Celebratory Services - Emergency Response & Recovery (provision of 'excess death' planning and provision of emergency mortuary for mass fatalities)

Service tested during Swine Flu responses (2010) and currently engaged in development of temporary mortuary in Leicestershire (to be tested during Ex Georgiana). Service provides communication link to HM Coroners (now regular attendees at LRF) and with EPU during emergencies.

Service request for familiarization with CEC and review of response role will be achieved through Ex Georgiana. The capacity & resilience of HM Coroners Officers in Lincolnshire identified as the biggest challenge for mass fatality planning.

Resources & Community Safety (continued)

Emergency Planning Unit (EPU) - Business Continuity Planning   (Green)

The service area's 'Critical' service is:

- Response to incidents - the activation of an initial response by the Lincolnshire Resilience Forum (LRF) and LCC to an emergency as defined by the Civil Contingencies Act (CCA)

A service area BCP is regularly reviewed and maintained. BCM arrangements are also tested through formal exercises and incidents. Alternative premises, flexible ways of working and alternative Emergency Centre options enable the team to respond to external emergencies whilst supporting LCC and the LRF. The EPU provides a 24/7 'duty rota' system, activated via Fire & Rescue Control, which supports LCC, Districts and partners during initial emergency responses.

A significant risk to the service provided by the EPU would be resourcing a prolonged and wide-area emergency affecting the county. This has been reduced to a degree by mutual aid agreements with neighbouring Councils, the command support arrangements with Business Support and the 'critical mass' for emergency planners provided by the Joint Emergency Management Service (JEMS).

Fire & Rescue - Business Continuity Management   (Amber)

The service area's 'Critical' services are:

- Control mobilising
- Local response capability
- Critical service support
- National response capability

Business Continuity Management (BCM) in Lincolnshire Fire & Rescue (LFR) is conducted in accordance with the British Standard for BCM. LFR focuses its contingency planning on its key risks and most probable disruptions. The resilience of its 'mobilising' system is a top priority. From 'Fire Control' receiving '999' calls to alerting crews at stations and managing the incident.

Ensuring key suppliers are resilient is also a key focus for LFR. Following the termination of the AssetCo Emergency Ltd contract in March 2012, a risk register of critical suppliers was created. LFR has worked with high risk suppliers such as Bristol Uniforms Ltd, Interspiro Ltd and Lindum Plant Ltd, seeking BCM assurances. LFR's BCM processes were peer reviewed in Jan 2011. While a number of areas were identified for improvement the report concluded that BCM provision in the Service was well developed. (South East Fire Improvement Partnership report dated 7 Feb 2011)

Areas for further work

- Work is on-going with Council IT and Mouchel to improve service resilience and to provide a solid provision / maintenance of ICT.

Resources & Community Safety (continued)

Fire & Rescue - Emergency Response & Recovery

Lincolnshire Fire & Rescue Service is a separate Category One responder and is not included directly in this audit process, but has been actively and regularly tested as an emergency responder during significant exercise and real-time emergencies in the county, including Ex Watermark (2011) and on-going flooding in summer and December 2012. FRS is also a contributor to the Care Home Review and planning for coastal flooding at local and national. Their senior officers do not contribute directly to LCC command & control systems due to their separate Cat 1 status, but often provide the first point of contact for activation of emergency responses.

Legal Services Lincolnshire - Business Continuity Management (Green)

The service area's 'Critical' services are:

- Child protection provided with legal advice
- Adult protection provided with legal advice

The Business Continuity Plan (BCP) was exercised in November 2012 and the outcome was 'Substantial' assurance.

The provision of legal advice to Child and Adult protection services is provided by Legal Services Lincolnshire (LSL) and must be available 24/7.To ensure this, processes are in place to ensure that lawyers are contactable 24/7. The LSL BCP is reviewed on a quarterly basis and exercised to ensure that all changes to internal processes are reflected and incorporated in the plan. This is in line with the Lexcel Legal Quality Standard, that the BCP is exercised at least on an annual basis.

A recent exercise highlighted a few areas where contingencies or alternative procedures were needed. These resulted in:

- Hard copies of key documents and templates are kept to allow files to be progressed should there be a failure of the electronic Case and Time management system.
- A communications plan has been developed to ensure that all clients are kept up to date should there be problems with service delivery which affect them.
- Contingencies are in place to ensure that legal cases can continue to be processed with HM Court Services in emergency situations.

Business Support - Business Continuity Management (Green)

The service area's 'Critical' services are:

- Maintenance of information databases & associated systems
- Telephones and other Communications
- Data Security/loss of or damage to records
- Support to Children's and Adults Safeguarding

The Business Continuity Plan (BCP) was exercised in December 2012 and the outcome was 'Substantial' assurance.

Resources & Community Safety (continued)

The Business Support service provides generic administration and support functions across many of the Council's services especially critical ones such as Children's and Adults Social Care, Highways & Transportation and Fire & Rescue. The service also supports the Council's external response to an emergency affecting the community through the provision of administration and incident logging staff. The Business Support BCP is regularly reviewed to ensure it is fit for purpose. Multi-functional teams, the ability to move staff around the county as required and the on-going up skilling of staff enables the service to react to the needs of the services it supports.

Areas for further work

- Business Support's future BCM arrangements will be further developed to have locality focused 'operational' plans that will sit under the service area 'over-arching' plan.

Business Support - Emergency Response & Recovery (provision of command and administrative support during emergencies)

The recent development of business support services during emergency response & recovery provides cadre commanders and EPU with additional administrative support (*e.g.* loggists and minute-takers) within the CEC (only) through a 24/7 rotating team of 6 x BS staff pre-trained in relevant roles. This arrangement complements the development of command cadres, the emergency planning 'critical mass' provided by the Joint Emergency Management Service and strengthening of mutual aid, in attempts to improve our resilience to prolonged emergencies, as experienced during the 2007 floods.

Youth Offending Service - Business Continuity Management   (Green)

The service area's 'Critical' services are:

- Providing services to youth, magistrates and Crown court
- Provide contacts and interventions to young people assessed of being high risk of harm to the community and / or high risk of vulnerability

The Business Continuity Plan (BCP) was exercised in September 2012 and the outcome was 'Substantial' assurance.

The Youth Offending Service (YOS) Business Continuity arrangements were exercised in September 2012 and other than a couple of minor actions were found to be fit for purpose. Two areas of significance were:

- The reliance on other key internal and external partners
- The need for the YOS management team to familiarise themselves with other LCC service area and key external partner BCM arrangements and to share YOS BCM arrangements as required

A new case recording system will bring a number of improvements to the service provided by the YOS including accessibility to client information.

Areas for further work

- Recent legislative changes will require the YOS to work closely with Children's Services in supporting its client group. These changes will require both services to ensure the linkages are identified and any necessary BCM arrangements put in place.

Resources & Community Safety (continued)

Safer Communities - Business Continuity Management   (Green)

The service area's 'Critical' services are:

- Response to outbreak of disease in livestock
- Response to consumer complaints and alerts from other agencies in respect of safety of goods and services

The Business Continuity Plan (BCP) was exercised in December 2012 and the outcome was 'Substantial' assurance.

The Safer Communities BCP is regularly reviewed and in addition to the exercise in December, BCM arrangements are also tested during multi-agency exercises with key partners. The service area experienced a substantial reduction in staff after Core Offer. A major incident such as an animal disease outbreak would mean that other services would temporarily need to be ceased or reduced during the incident.

Areas for further work

- A recent joint exercise with some key partners highlighted a problem with partner agencies communicating with each other. This is currently being resolved.

Safer Communities - Emergency Response & Recovery (provision of animal disease/welfare responses, fuel shortage & recovery planning, community engagement, investigation & enforcement re food and environmental protection)

Animal disease response roles were tested during Ex Watermark (joint planning recognised by RSPCA 'footprint' awards in 2011), and the service was involved in recent fuel dispute planning in 2012. Key role under current development with EPU includes supporting recovery planning through advice on 'rogue traders' and insurance claims. Advice is currently being developed with the EPU. Support to members in their 'community leadership' role during emergencies and public disorder can include community impact assessments (with Police). Emergency response service includes (developing) access to CCTV systems access.

Service provides 24/7 rota system for staff (10 staff) and can access regional and national 'trading standards' mutual aid (informal agreements) if required. Data sharing during emergencies can be achieved via a number of 'super users'.

Finance & Procurement Lincolnshire - Emergency Response & Recovery (appeals fund management, emergency expenditure & cost recovery)

LCC Finance will provide lead financial planning & recovery co-ordination during emergencies on behalf of the LRF and work with districts re cost recovery via Belwyn Scheme.

Procurement Lincolnshire also developing support to LRF through development of a local procurement framework for emergencies (including quality assurance and engagement with local community-based companies such as Lindum & Gelders to assist with recovery, clearance and reoccupation of sites. HOS also assisting national procurement via Govt Procurement Service (GPS) and ProFive (local authority services). Scenario testing of framework to be arranged between services.

Communities

Customer Operations - Business Continuity Management   (Green)

'The service area's 'Critical' services are:

- The CSC Contact Handling Service

The Business Continuity Plan (BCP) was 'live' exercised in 27th of February 2013. An assurance opinion has yet to be given. This exercise involved the Customer Service Centre (CSC) 'Highways' team, which is one of its most critical.

The CSC has comprehensive and robust Business Continuity Management (BCM) arrangements in place for the support it provides to key Council services and external customers. These are regularly updated and have been tested through exercises and real incidents. Two significant risks to the operation of the CSC exist:

- The loss or disruption to the CSC premises itself through flooding for example
- The loss or disruption of IT and telephony

Within the CSC's BCP, alternative options exist for the temporary relocation of key advisers. Advisers and non-operational staff can also work flexibly to provide key services. The main telephony network is supported by a backup system and a 24/7 telephony support service provided by Mouchel. Plans are also in place for the CSC to transfer from the existing telephony system (Hipath) to the Avaya Aura Contact Centre solutions in March 2013.

Areas for further work

- Complete the action plan from the live exercise in February.
- Update the CSC BCP.
- Plan a larger exercise for the summer of 2013.

Customer Operations - Emergency Response & Recovery (provision of community engagement, help-lines, and single non-emergency phone system – warning & informing)

The Customer Services Centre (CSC) 'out of hours' team is one of its most critical during emergencies and will be tested during a live exercise by the end of March 2013. Two significant business continuity risks to the operation of the CSC exist; loss of premises and ICT (particularly telephony service).

Service has provided the LRF with an effective single non-emergency contact system during recent flooding events and is currently examining caller-mapping systems to support the provision of 'real-time intelligence' and development of a 'common operating picture' during emergencies.

Communities (continued)

Technical Services Partnership - Business Continuity Management   (Green)

The service area's 'Critical' services are:

- Bridge Maintenance & Provision – Cross Keys bridge (Sutton Bridge)
- Structures (bridges, culverts)

The Business Continuity Plan (BCP) was exercised in January 2012 and the outcome was 'Substantial' assurance. The exercise involved the four service areas within Highways & Transportation as they are closely linked and rely heavily on each other.

The Technical Services Partnership (TSP) BCP is regularly reviewed, maintained and tested through formal exercises and incidents.

Despite this overall substantial assurance, the most significant risks currently exist with the Cross Keys Bridge at Sutton Bridge. The swing bridge is an essential route on the A17 in and out of the county, which when open provides access for shipping to Wisbech Harbour. The bridge is operated 24/7 by a limited number of specialist staff. An operational manual has recently been produced which will enable other staff to operate the bridge if the normal operators are unavailable for any reason. This manual will be tested in 2013 to ensure it is fit for purpose.

Areas for further work

- A new specialist mechanical & electrical term maintenance contract will also be in place by mid-2013. This will improve the availability and flexibility of the bridge operations team and ensure a stand-in operator is available if required.

Transportation - Business Continuity Management   (Green)

The service area's 'Critical' services are:

- Operation of demand responsive transport services
- Allocation of passengers to services, issue of travel passes, management of contracts and Risk Assessment of passenger needs

The Business Continuity Plan (BCP) was exercised in January 2012 and the outcome was 'Substantial' assurance. The exercise involved the four service areas within Highways & Transportation as they are closely linked and rely heavily on each other.

The Transportation BCP is regularly reviewed, maintained and tested through formal exercises. The service provides statutory and discretionary transport services for schools and social care passengers. The most significant risks to this service are:

- The booking and scheduling of demand responsive transport services (CallConnect) by the Matrix team based at the Customer Services Centre (CSC)
- The reliance on 'approved' transport operators

Communities (continued)

Contingencies are in place within the CSC BCP to ensure this service would continue to be provided if the Matrix team was disrupted for any reason. Operators are required to have Business Continuity arrangements in place for these services and the loss or disruption of an operator can also be covered by other operators from the approved list.

Areas for further work

- Recently updated BCM guidance and procedures for key suppliers, service providers and partners needs to be shared with Transportation. The BCM team will liaise with Highways & Transportation Commissioning to ensure this is done.

Transportation - Emergency Response & Recovery (provision of transport and specialist transport during evacuation)

The most obvious contingency challenge would be the impact of a wide-area evacuation on statutory and discretionary transport services, which provides transport for schools and social care passengers, rely on 'approved' transport operators. Service has engaged with local planning for mass evacuation and, in particular, the sourcing of mutual aid and specialist transport from neighbouring counties. On a smaller scale, the loss or disruption of an operator can be covered by other operators from the approved list.

EPU has access to the approved list for local emergencies outside 'office hours', but the two services have identified a training need to engage Transport services within the command support & operational response arrangements for larger, more prolonged emergencies.

Highways Divisions - Business Continuity Management   (Green)

The service area's 'Critical' services are:

- 24 hours emergency service
- Winter maintenance service

The Business Continuity Plan (BCP) was exercised in January 2012 and the outcome was 'Substantial' assurance. The exercise involved the four service areas within Highways & Transportation as they are closely linked and rely heavily on each other.

The Highways Divisions BCP is regularly reviewed, maintained and tested regularly through formal exercises and incidents.

An entirely new function for the County Council, under the Flood and Water Management Act 2010, is the lead role and operational responsibility for local flood risk. This will require staff and resources from Highways Divisions and its Alliance partners to be deployed in response to flooding across the County. A recent Exercise 'Loret' provided the opportunity for Highways staff to increase their knowledge and understanding of the LCC Area Flood Response Plan (AFRP) and practice their role and responsibilities in response to a flood and drainage incident. Mutual aid agreements also exist between Alliance partners for the provision of on-site and off-site management, response and administrative arrangements.

Communities (continued)

This new role is currently being managed with existing Highway Divisions resources but as further sections of the Act are implemented which will establish the County Council as Sustainable Urban Drainage Systems (SuDS) approving and adopting body, additional resources will be required.

Areas for further work

- Recently updated BCM guidance and procedures for key suppliers, service providers and partners needs to be shared with Highways Divisions. The BCM team will liaise with Highways & Transportation Commissioning to ensure this is done.

Highways Divisions - Emergency Response & Recovery (highways and transport, inspection of infrastructure; provision of severe weather & flooding responses, traffic management support in case of cordons or evacuation)

Consistently high performing services during severe weather events and pre-planning (including the recent prolonged cold snaps and localised flooding). Services also developing the traffic management strategy for coastal flooding (including signage). CEC IT infrastructure enhanced through creation of a 'snow cell' (linking CCTV and Highways cameras) following de-briefs and feedback.

New 'lead local flood authority' responsibilities include operational response to, and investigation of, local flood risk. Mutual aid agreements exist between Alliance partners for the provision of response arrangements. A recent Exercise 'Loret' provided the opportunity for Highways staff to increase their knowledge and understanding of the LCC Area Flood Response Plan (AFRP) and practice their role and responsibilities in response to a flood and drainage incident. Divisions now participate in the EA's partner teleconferences to discuss flood guidance statements and pending flood warnings, although more work is required to clarify responsibilities vis-à-vis EA and IDB's.

Highways Client Services - Business Continuity Management   (Green)

The service area's 'Critical' services are:

- 24 hours emergency service (out of normal working hours)
- Winter maintenance service

The Business Continuity Plan (BCP) was exercised in January 2012 and the outcome was 'Substantial' assurance. The exercise involved the four service areas within Highways & Transportation as they are closely linked and rely heavily on each other.

The Highways Client Services (HCS) BCP is regularly reviewed and maintained in collaboration with its Alliance Partners. HCS is fully engaged with the Joint Emergency Management Service (JEMS) in developing and reviewing county wide emergency plans. The Highways out of hours emergency team is located within City Hall and has tested all its procedures including relocation to the Emergency Centre at Fire & Rescue where duplicate systems are in place. The most significant risk continues to be the reliance on other key internal and external partners. The HCS management team robustly manages its external partners and monitors their BCM arrangements as part of this process.

Areas for further work

- Recently updated BCM guidance and procedures for key suppliers, service providers and partners needs to be shared with HCS. The BCM team will liaise with Highways & Transportation Commissioning to ensure this is done.

Communities (continued)

Highways Client Services - Emergency Response & Recovery

See 'Highways Divisions - Emergency Response & Recovery' section above. Emergency response work is co-ordinated across these two areas.

Environmental Management - Emergency Response & Recovery (provision of pollution clean-up and waste management)

Environmental Services are establishing an 'officers working group' to discuss waste management for recovery. LCC disposal role & temporary storage (using limited existing non hazardous waste landfill). Only hazardous waste landfill currently in Mansfield – development of a 'regional' facility possible. The removal and disposal of hazardous material during Ex Georgiana.

Economic Regeneration - Emergency Response & Recovery (promotion of business continuity, remediation/reoccupation of sites, recovery)

EPU needs to make better use of staff within Economic Regeneration with existing experience and responsibilities in liaising with local businesses in meeting the local authority duty to 'promote business continuity'. Early engagement with the agricultural/horticultural sector (to strengthen the resilience of food processing to floods in particular, and recovery planning, has been positive but the initial momentum stalled and will need to be reinvigorated.

Performance & Governance

Information, Management & Technology - Business Continuity Management   (Green)

'The service area's 'Critical' services are:

- ICT Incident & Change Management
- Support of LCC Connects & District Council websites
- Administration and support of social care systems
- Administration and support of Fire and Rescue systems

Good arrangements exist within the IMT team in relation to Business Continuity Management (BCM).

A desktop exercise in relation to BCM was undertaken on the 25th of March 2013, facilitated by the BCM team, which assessed the team's arrangements as ' Substantial Assurance'.

Information, Management & Technology - Emergency Response & Recovery
 (Provision of GIS mapping and development of 'common operating picture', IT support to CEC)

Continuing investment and a maintenance budget ensures the CEC remains the primary location for multi-agency co-ordination during emergencies. EPU currently negotiating 24/7 support arrangements for the CEC with LCC IT, and working together to better articulate partner 'user requirements' in respect of information / data management (in particular, the creation of a 'common operating picture' in emergencies). This latter includes current work to present a grant bid to DEFRA.

Performance & Governance (continued)

Communications & Media team - Emergency Response & Recovery (provision of warning & informing for the public – and members briefings)

Coastal communications campaign has been exemplary in demonstrating an ability to identify target audiences, using lessons from previous campaigns, and delivering a effective education to support community resilience and self-help during emergencies. Good arrangements exist with external partners re lead roles (*e.g.* Police, EA, Health, *etc*.) depending on nature of emergency, although 'out of hours' capacity is limited for LCC communications team with resilience being tested during summer flooding.

The LRF has identified a need to develop a more dynamic approach to social media (including direct access to websites and Twitter, *etc.*) and clarify the provision of communications/media advice to strategic coordination groups during emergencies.

EPU HOS retains capability to provide regular 'members' briefings and updates during emergencies (also see below).

Democratic Services - Emergency Response & Recovery (provision of co-ordination between officers and members, community leadership role)

The provision of member briefings during short-term, or localised emergencies can be provided by EPU and/or communications team (see Summer floods 2012).

However, during more prolonged, wide-area emergencies, democratic services can assist to ensure communications flow is maintained and regularly updated through email account system, members briefing processes (non emergency).

Further co-ordination during prolonged emergencies (or recovery) could be provided through Scrutiny processes, in particular; Flood Risk & Environment Scrutiny & Community Scrutiny Committees.

ICT Management Activities & Applications

During the last twelve months, a number of internal and external audits have been undertaken, in addition to the Council's assessments for meeting Government security and BCM standards. The actions from these audits are reviewed monthly at a joint review meeting with the IT service delivery partner and progress tracked.

All occurrences of significant system downtime are recorded as 'Priority One' incidents and a full report and review is undertaken jointly by the Council and the Service Delivery partner.

As part of the Next Generation Platform programme of work, further changes to IT service delivery are being evaluated to improve BCM provision and extend the out of hours support and level of support given.

Work continues to be undertaken to remove any single points of failure within the IT infrastructure and provide for a resilient IT service which minimised system downtime.

The biggest risk faced at present is the reliance on a single data centre on the County Offices campus. A feasibility study into the alternatives available has been undertaken and budget secured. The Council continues to evaluate the options; meanwhile front-line systems resilience is being improved and provision for failover systems with minimal downtime are being pursued.

Key Suppliers, Partners & Providers

Significant progress has been made with assessing the effectiveness of the Council's most essential supplier, service provider and partner Business Continuity Management (BCM) arrangements.

With the substantial reliance on suppliers, service providers and partners in providing or supporting our critical services, the BCM team has been supporting Directorate Commissioning teams and Procurement Lincolnshire to ensure the necessary supplier assessment work is being undertaken. This has involved identifying key suppliers, providers and partners, ensuring contract terms & conditions are in place for BCM, assessing the effectiveness of the supplier's BCM arrangements and ensuring the processes and reporting mechanisms are in place for the continual assessment of these arrangements.

This work is on-going within Directorates however substantial progress has been made and recently updated supply chain resilience guidance and procedures will be shared across all Directorates.

Adult Social Care is currently reviewing its commissioning systems and this will include updating its BCM assessment process. A number of actions to mitigate the current risks are being undertaken including:

1) Winter pressure and resilience planning with Health Partners
2) An incentivised hospital discharge scheme with Home Care providers, now in place (Dec 2012 - March 2013.)
3) Effective utilisation of Intermediate Care Beds
4) On-going contract management and collaboration with providers

The key areas currently being reinforced in respect of BCM are residential/nursing care and the community support framework (CSF). In respect of residential care a Working Group has been established to develop a new Framework Agreement which will come into force in April 2013. The agreement will require providers to comply with new BCM terms and conditions in order to ensure a continuity of care to our vulnerable service users. Similarly, a review of the CSF will report by 31st March 2013 with one of the stated aims being to achieve greater resilience in the market.

Mouchel currently provide a number of support services to the Council including ICT and Property Services support which are essential to most of the Council's most critical services. Mouchel updated their BCM and Disaster Recover plans in 2011 after a major ICT outage in late 2010. A more detailed assessment of ICT resilience and preparedness can be found in the previous page 'ICT Management Activities & Applications' and also the external audit of the Council's ICT Disaster Recovery arrangements.

Corporate Support Functions

Corporate support teams provide the Council's critical services with essential support and assistance on a daily basis and also during internal disruptions and external emergencies.

The Corporate communications team play a vital role in keeping our staff, managers and elected members informed during internal incidents or disruptions. They are also involved during our response to external emergencies through the Lincolnshire Resilience Forum (LRF) Warning & Informing group. This was most recently tested during exercise Watermark in 2011.

In late 2010 a major ICT outage meant the Council's main method of communicating internally and with partners and customers was unavailable for a significant time. Since then the Corporate communications team has developed an internal emergency communications plan. This provides alternative methods of communication when the primary system is disrupted or unavailable.

The Council has a large property portfolio and working with partners such as District Councils, Health, Mouchel and potentially an external disaster recovery provider, the Corporate Property Services team anticipate that services generally would not be disrupted for an extended period during a premises related incident.

The needs of the business during an incident affecting a Council premise would be assessed and the best solution for providing alternative accommodation would be implemented as quickly as possible. Critical services, Children's Centres, Residential homes, schools etc. are also encouraged to have mutual aid agreements in place providing options for temporary relocations if required.

Lincolnshire
COUNTY COUNCIL
Working for a better future

Open Report on behalf of Pete Moore, Executive Director Resources & Community Safety

Report to:	**Audit Committee**
Date:	**24 June 2013**
Subject:	**Summary of School Audit Work 2012/13**

Summary:

To inform the committee of the work we have completed in relation to schools during 2012/13.

Recommendation(s):

To consider the content of this report and identify any action the Committee requires.

Background

During 2012/13, we have continued to undertake our programme of audits at maintained schools. The audit visits provide an assessment of the school's control environment for headteachers, school governors and Children's Services.

Our audit visits are undertaken on a five-year cycle, and during 2012/13 we also completed a number of interim 'healthcheck' visits. These focus on key areas such as budget setting, budget monitoring and medium term financial planning, and allow us to confirm schools are maintaining sound financial management arrangements. We are also using these visits to ask schools to make a self-assessment of the controls within their financial processes and to follow up the implementation of previous audit recommendations.

This report summarises the outcomes of school audit visits for the Committee, along with details of investigations we have conducted in schools.

A school's headteacher, management team and governing body are responsible for applying good financial management and maintaining an effective control environment. Since delegation of budgets in 1990, the role of the local authority has been to provide support, advice, guidance, training and high level monitoring over financial management. This is supported by Internal Audit's more detailed review and assessment of school processes and controls through periodic audit visits.

At April 2012, Lincolnshire County Council maintained 308 schools. These were:

- 25 secondary schools
- 257 infant, primary and junior schools
- 5 nursery schools &
- 21 special schools

By March 2013, the numbers had reduced to 261 with further schools converting to become Academies during the year.

In total, the schools have budget shares for 2012/13 of around £281.5m. Twelve infant, primary or junior schools and seven secondary schools brought forward a deficit from 2011/12. This amounted to £1,366,593 (0.49% of total budget share), a reduction of £770,847 when compared to the figure at the end of 2010/11. This change is due to:

Primaries:
➢ 8 schools recovered their deficit
➢ 8 generated deficits within 2011/12

Secondaries:
➢ 2 schools converted to become academies
➢ 2 schools recovered deficits
➢ 1 school generated a deficit

The percentage of maintained schools with deficits reduced to 6% at the end of 2011/12, compared to 7% at March 2011.

Of the 208 schools, there are 10 that hold their financial information on local accounting systems and during 2012/13 we completed audit visits to 5 of these schools. These 'prime account' schools submit quarterly and year-end returns showing summary information on their income, expenditure, assets and liabilities which must be added into the authority's accounts. In previous years we have undertaken 'year-end' audits at a sample of schools to provide assurance to the external auditors that the details submitted were correct. This year we were not asked to undertake this work, however, we re-visited 2 of the previously audited schools to support them with the completion of the returns.

During 2012/13, we have completed 49 'full' audit visits to schools. Although more schools have been given limited assurance this year, we continue to find that the majority of schools visited (approximately three quarters) have full or substantial assurance. Just one school was given no assurance – we have already re-visited this school to provide support with their submission of year end information, and seen that they are actioning our recommendations. We will follow up progress again later in the year.

The breakdown of assurances is given below alongside those for 2011/12 for comparison:

School Audit Visit Assurances 2012/13

- Full Assurance — 6%
- Substantial Assurance — 67%
- Limited Assurance — 25%
- No Assurance — 2%

School Audit Visit Assurances 2011/12

- Full Assurance — 13%
- Substantial Assurance — 68%
- Limited Assurance — 15%
- No Assurance — 4%
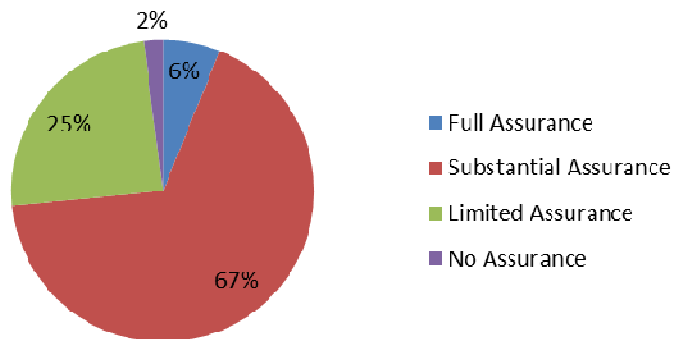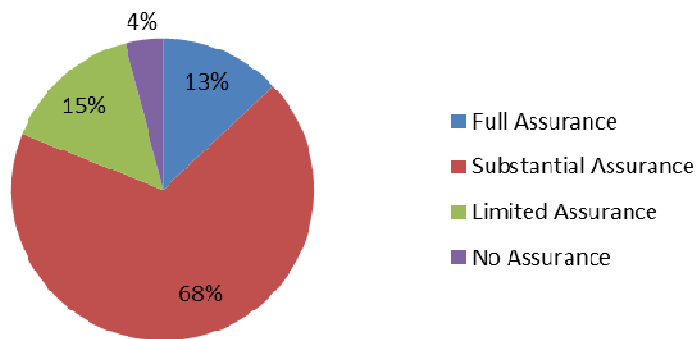
Individual assurance levels by school are shown in Appendix A.

In comparing the 2 charts the Committee should remember that different schools have been visited each year

In addition to the 'full' audit reviews, we have also completed 19 one-day 'healthcheck' visits that have a different level of coverage.

The results are shown below, also with the details from 2011/12 for comparison:

School 'Healthcheck' Visit Assurances 2012/13

- 0%
- 18%
- 18%
- 64%

- Full Assurance
- Substantial Assurance
- Limited Assurance
- No Assurance

School 'Healthcheck' Visit Assurances 2011/12

- 0%
- 18%
- 21%
- 61%

- Full Assurance
- Substantial Assurance
- Limited Assurance
- No Assurance
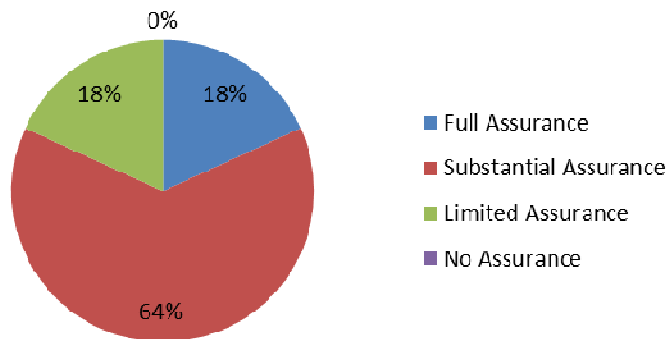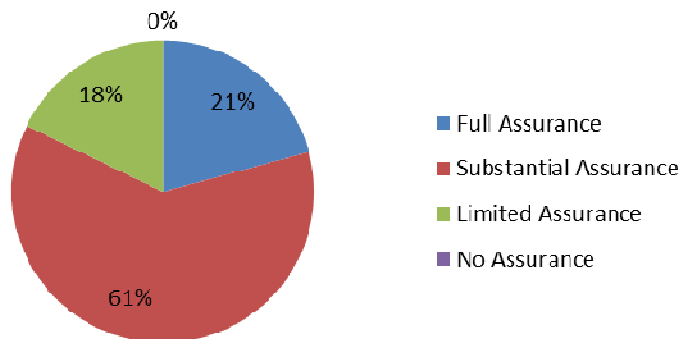
The assurance levels given this year are very similar to those for 2011/12 and reflect a similarly positive message as the 'full' audit visits.

We are currently in the process of following up management actions for schools audited in 2012/13, and also where there are outstanding items for visits in 2011/12. The school's senior management team and governing body are responsible for ensuring that audit recommendations are implemented. This is set out within the school's own Finance Policy.

Generally we have found that schools are implementing our recommendations.

Common themes identified by audits

During the course of audits and 'healthcheck' visits we identified the following common themes where processes and controls need to be strengthened:

- A school's Finance Policy should set out its financial governance arrangements. We find policies that are not up to date and that do not show details of delegation levels for committees or individuals to make spending decisions. Details of staff delegated to approve payroll claims are also often missing
- All schools we have visited now have a medium term finance plan, but we find plans that are not complete / up to date or show a deficit position for future years and the plan is not being used pro-actively to identify ways to address financial pressures
- Income collected is not always supported by adequate or complete records. In addition, where processes to collect, bank and record income do not involve more than one person, supervisory checks are not always completed
- The charging & remissions policy is not up to date or the information included is incomplete
- The register of declaration of business interests is not complete or not up to date.
- The information provided to governors for them to approve and monitor the budget is not always detailed enough to allow for informed decision-making. This is particularly the case when reporting to the full governing body.
- The school does not have an inventory or is not being kept up to date when new items are purchased

These issues are the same as our findings from work in 2011/12. We continue to work with Children's Services and Schools' Finance Team to emphasise the importance of these controls to schools through training and guidance. In addition, we plan to highlight these key themes and the controls expected through a 'top tips' article in the Schools' Bulletin in the autumn.

Future arrangements

As school funding arrangements changed in April 2013, we are no longer able to undertake a programme of 'healthcheck' visits to maintained schools. However, we are offering this service to schools for a fee and have had some interest. We will continue to actively market this to schools as we believe it provides a useful mechanism for Headteachers and Governors to gain assurance on their financial management arrangements between planned audit visits. This can be of particular benefit where there is a change in Headteacher or Finance Officer during the five year period.

In 2011, the DfE introduced the Schools Financial Value Standard (SFVS) to replace the Financial Management Standard in Schools (FMSiS). The SFVS is a self-assessment to be completed by schools and does not require any external or independent assessment. However, as all maintained schools have now submitted their first return (at 31 March 2013), we will consider how schools have assessed themselves when we complete our audits.

Academies

During 2012/13 we have been marketing our internal audit service to Academies. Whilst academies are not legally obliged to have an internal audit service, they must have arrangements in place for independent checking of financial controls, systems, transactions and risks. We are pleased to report that we are providing this service to eight Academy Trusts, supporting them in establishing effective risk, governance and internal control arrangements that protect and strengthen the academy.

Investigations 2012/13

In 2012/13, the Counter Fraud & Investigation Team was commissioned for 6 full investigations from schools. Most were grievance or conduct issues and being non fraud issues the costs of investigation were charged back to the schools or Children's Services.

Two cases did have elements of fraud, though these were relatively minor issues, compared to some high value frauds we have seen in preceding years. Both cases highlight the importance of our networking with schools to assist them to identify risks and remain vigilant:

- One case involved invoicing scams, which is an issue nationally. Companies target small businesses with false invoices and particularly favour schools. We regularly update the school bulletin with information on the ever changing identities and methods of these companies

- In the second case, a former member of staff accessed information on the school's IT network. The individual was reported to the police and cautioned for an offence under the Computer Misuse Act. The school has now tightened its IT security practices.

Lincolnshire Schools continue to have access to the LCC whistleblowing mechanism and in this financial year (i.e. since 1 April 2013) we have had 3 calls to the whistleblowing line with financial and governance concerns regarding schools. One of these has resulted in a preliminary investigation and a second is being addressed through an Internal Audit visit. The other issue was resolved.

We have also recently provided advice to a member of staff at an Academy through this mechanism. Potentially this demonstrates a need for the service in Academies and we are considering ways that it can be marketed to Academies alongside other audit services.

Conclusion

The outcomes of our school reviews continue to be positive with the majority receiving either full or substantial assurance. We receive good feedback from our audits and schools generally welcome the advice and support we provide.

Our work highlights that there are still schools where significant improvements to governance, financial management and internal control are needed. Maintaining a

programme of audits is important to provide advice and support to schools and report to management on how to improve and strengthen procedures.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Details of School Assurances

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Lucy Pledge, who can be contacted on 01522 553692 or Lucy.Pledge@lincolnshire.gov.uk.

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School Assurances 2012/13

Audit Visits

Area	Assurance Provided
Boston Nursery School	Limited
Billingborough Primary School	Limited
Boston Hawthorn Tree School	Substantial
Boston St Mary's Catholic Primary School	Limited
Chapel St Leonards Primary School	Substantial
Coleby CE Primary School	Substantial
Corby Glen Community Primary School	Limited
Cranwell Primary School	No
Dunholme St Chad's CE Primary School	Substantial
Gedney Hill CE (CTD) Primary School	Limited
Gedney Drove End School Holbeach St Mark's CE Primary School Sutton Bridge Westmere Community Primary School	Substantial
Gosberton Clough & Risegate Primary School	Substantial
Grantham St Anne's CE Primary School	Substantial
Grantham The Isaac Newton Primary School	Substantial
Grimoldby Primary School	Limited
Holbeach St Marks CE Primary School	Substantial
Ingham Primary school	Substantial
Ingoldsby Primary School	Limited
Leasingham St Andrew's CE Primary School	Limited
Legbourne East Wold Primary School	Sunstantial
Lincoln The Lancaster Primary School	Substantial
Lincoln Bracebridge Infant School	Substantial
Manor Leas Junior School	Substantial
Lincoln Chad Varah Primary School	Limited
Louth Lacey Gardens Primary School	Limited
Martin Mrs Mary King's CE Primary School	Substantial
Navenby CE Primary School	Substantial
Pinchbeck East CE Primary School	Full
Quadring Cowley & Brown's Primary School	Substantial
Scotter Primary School	Substantial
Skellingthorpe The Holt Primary School	Substantial

School	Assurance
South Witham Community Primary School	Substantial
Spalding St Paul's Parish & Nursery School	Substantial
Stamford St George's CE Primary School	Substantial
Sutton Bridge Westmere Community Primary School	Substantial
Tattershall Clinton Park Primary School	Substantial
Tetford the Edward Richardson Primary	Substantial
Tydd St Mary CE Primary School	Substantial
Whaplode CE Primary School	Substantial
Willoughby St Helena's CE Primary School	Substantial
Wyberton Primary School	Limited
Cherry Willingham Community School	Limited
Kirton Middlecott School	Substantial
Louth King Edward VI Grammar School	Full
Louth Cordeaux School	Substantial
Spalding Grammar School	Substantial
Tattershall Gartree Community School	Full
The Gainsborough Federation	Substantial

Assurance Visits

Area	Assurance Provided
Bucknall Rural Villages School	Limited
Cowbit St Mary's CE Primary School	Substantial
Denton CE School	Substantial
Digby CE School	Substantial
Donington Cowley Endowed Primary School	Substantial
Faldingworth Community Primary School	Limited
Gainsborough Parish Church Primary School	Substantial
Harlaxton CE Primary School	Limited
Keelby Primary School	Substantial
Lincoln Woodlands Infant School	Substantial
Lincoln Sir Francis Hill Parish School	Substantial
New York Primary School	Full
Old Leake Primary & Nursery School	Substantial
Pinchbeck St Bartholomew's CE	Substantial

Primary School	
Saltfleetby Primary School	Substantial
Skellingthorpe St Lawrence CE Primary School	Limited
Spalding Parish CE Day School	Substantial
Uffington CE Primary School	Substantial
Waddingham Primary School	Substantial

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Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director Resources & Community Safety	

Report to:	**Audit Committee**
Date:	**24 June 2013**
Subject:	**Counter Fraud Annual Report 2012/2013**

Summary:

This report provides information on the overall effectiveness of the Authority's arrangements to counter fraud and corruption and reviews the delivery of the 2012/13 counter fraud work plan.

Recommendation(s):

To consider the overall effectiveness of the Council's arrangements to counter fraud and corruption and the progress made to implement policy.

Background

The Counter Fraud Annual Report provides an overview of the proactive and investigation work completed over the year. This summary provides information to enable the Committee to review the outcomes and overall effectiveness of the Council's arrangements.

Conclusion

The Council is able to demonstrate its commitment to acknowledge and understand its fraud risks and continually strengthen its arrangements to prevent, detect and investigate fraudsters, applying robust and proportionate sanctions, where appropriate.

The Committee should also note the total value of fraud recoveries for 2012/13, which means the combined recovery figure over the last two years has now exceeded £1 million.

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Counter Fraud Annual Report

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Lucy Pledge, who can be contacted on 01522-553692 or lucy.pledge@lincolnshire.gov.uk.

Counter Fraud Annual Report 2012/2013

Date: June 2013

Contents

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Introduction

1. The purpose of this report is to:

   ▪ Review the delivery of our 2012/13 Counter Fraud Work Plan

   ▪ Provide information on the overall effectiveness of the Authority's arrangements to counter fraud and corruption

Background

2. The National Fraud Authority (NFA) is a government body set up to work with law enforcement, industry and voluntary/charity sectors to coordinate the fight against fraud in the UK. In April 2012 they published the Local Government Strategy *"Fighting Fraud Locally"* – the strategy revolves around three key strands:

Acknowledge	the need to assess and understand the fraud problem and commit resources to ensure a robust anti-fraud response
Prevention	making better use of information and technology to detect more fraud, enhancing fraud controls and developing a more effective anti-fraud culture
Pursue	stronger enforcement by developing capability and capacity to pursue fraudsters and ensuring effective recovery processes

3. The NFA publish good practice guides, have issued fraud awareness toolkits, carried out project and pilot work on new emerging fraud risks and are working closely with the private sector to develop effective ways of tackling key fraud risks.

4. Each year the NFA publish the Annual Fraud Indicator which provides an indicative estimate of the potential scale of the problem nationally – this is something which develops year on year and consequently is becoming a more robust and reliable estimate of the fraud loss across different sectors and fraud types.

5. The Annual Fraud Indicator for 2013 has just been released – it estimates that a total of £20.6 billion is lost each year in the public sector and highlights it as "an attractive target" for fraudsters (particularly abuse against tax, benefits and grants systems). The total estimated fraud loss against Local Government is £2.1 billion:

   ▪ Housing tenancy fraud - £845 million

   ▪ Procurement fraud - £876 million

   ▪ Payroll fraud - £154 million

   ▪ Council Tax fraud - £133 million

- Blue Badge Scheme misuse – £46 million
- Grant fraud - £35 million
- Pension fraud - £7.1 million

6. Lincolnshire County Council has had dedicated and effective counter fraud resources for a number of years – the commitment to reducing fraud an error within the Council is strong and the team has achieved significant savings and recoveries over the years.

7. The Local Government Fighting Fraud Locally Strategy and associated guidance provides us with ideas to further strengthen our counter fraud arrangements and will drive our work plans over the next few years.

8. In July 2012 we reviewed the Council's Counter Fraud Policy to align our arrangements with the National Fraud Authority's strategic approach for Local Government organisations (*Acknowledge / Prevent / Pursue*). We also chose to incorporate the regulations associated with the Bribery Act 2010 which requires organisations to have "adequate procedures in place to prevent bribery".

Investigations into suspected fraud 2012/13

9. In year we received 14 new potential fraud referrals which is a slight drop in new cases from previous years. The total estimated value of fraud associated with our live cases during the year was £689,675.

10. Results during 2012/13:

- Two managers of a former LCC provider have been charged with multiple counts of fraud amounting to £500k. The charges relate to offences committed over an 8 year period against vulnerable adults and fraud associated with the Council's contract with the provider. The case is expected to go to court later this year.

- Treasurer of a pre-school (an early years provider) admitted stealing £30k and received an 18 months custodial sentence. The fraudster had no realisable assets (therefore no recovery possible under the Proceeds of Crime Act) but there is confiscation order against her which remains in place for the rest of her life.

11. The most common area of fraud this year (although the lowest in value) is the misuse of service user finances and has been a common theme over the past four years. Other common types of fraud we have experienced over the years include: abuse of position (for personal gains or gain for others), misuse of assets, procurement fraud and timesheet abuse.

12. The table below gives the Council's profile of fraud referrals over the last four years:

Fraud Type	No. of instances 2009/2010	No. of instances 2010/11	No. of instances 2011/12	No of instances 2012/13
Abuse of Position	4	3	2	2
Bank Account / Creditor Payments	-	-	1	
Cheque Fraud	-	1	-	
VAT fraud	1	-	-	
Direct Payments	-	-	-	
Expenses	-	1	1	
Fundraising	-	-	-	
False Invoices	-	1	-	1
False Claims	-	1	-	
False Accounting	-	-	2	
Grants	2	1	2	
Insurance Fraud	-	1	3	
Imprest (Cash)	-	2	-	
Misuse of Assets	2	1	2	2
Payroll	-	3	2	2
Pension	-	-	1	
Procurement	3	3	2	
Recruitment Fraud				1
School Fund / Budget Share	1	-	-	
Service User Finances	6	2	3	5
Timesheet / Abuse of Time	3	1	1	1

13. In addition to the 14 referrals received in year, the team continued to investigate cases carried forward from the previous year. Our investigation work is still our most resource intensive activity. We have analysed the results from each case completed last year – the table below highlights the Council's zero tolerance to fraud and shows that we continue to impose tough and proportionate sanctions and work hard to ensure we recover as much loss as possible.

14. Outcomes relating to fraud cases completed / on-going during 2012/13:

Fraud Investigation Outcomes 2012/13

Outcome	Value
Recoveries	3
Dismissed / resigned	13
Final written warning	4
Management action	4
No further action	3
Hearing pending	0
Prosecution	1
Police referral	0
Investigation ongoing	4
Referral to other agency	0
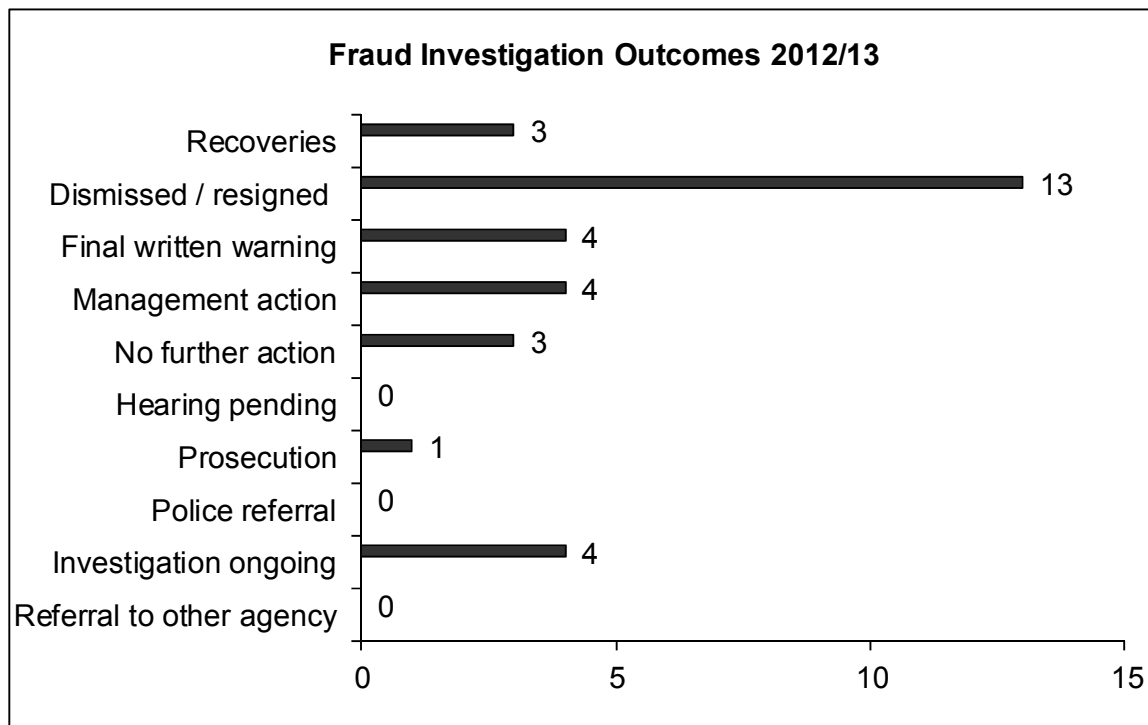
15. During 2012/13 we have successfully recovered a total of **£160,427** lost through fraud – all recoveries related to cases (x3) affecting schools:

- Pension confiscation - £21,441
- Insurance - £111,741 (including investigator costs – 10% of convicted sum)
- Proceeds of Crime - £13,422
- Insurance - £13,148 (including investigators costs – 10% of convicted sum)
- Invoice scam – £675

In the previous year 2011/12 we successfully recovered a total of £851,000 – this brings the combined recovery total over the last two years to over £1 million.

16. One particular case involved potential funding irregularities and activity (by a former employee) which could have caused future losses to the Council estimated at £98k (in one year). The case was referred to another agency for further review – the Council has been able to take action to prevent any future funding losses in this area of business.

17. In the 2011/12 Annual Report we noted an increase in fraud cases perpetrated by individuals external to the Council – this did not continue in 2012/13 – we only had one external case. With the exception of the small invoicing scam reported

last year, we can still report that the highest value frauds we investigate tend to relate to external cases.

18. Following our investigations we produce action plans to reduce the risk of reoccurrence and improve controls, wherever necessary. In many of our cases the most common weakness is lack of supervision and / or management oversight. Our investigations have found that failure to apply these key controls can sometimes allow the fraudsters to operate unchallenged for long periods and in some cases reduces the strength of the case against the perpetrator when the irregularities are discovered.

19. We intend to raise awareness around common fraud themes during 2013/14 – our Counter Fraud Work Plan includes a new fraud awareness campaign which will include posters, leaflets, awareness sessions and guidance on good fraud prevention measures.

Proactive Work

20. We have reviewed the Council's Counter Fraud Policy incorporating all the latest best practice and regulatory updates to counter fraud and corruption. We have worked on designs for new posters and leaflets for both fraud and whistleblowing and intend to use these in our forthcoming fraud awareness campaign.

21. Throughout the year the team have been developing our data analytics capabilities and are now capable of extracting and analysing large volumes of data from the Council's key systems. This is one of the areas the NFA recommends we focus on– making better use of information and technology is the only way we can prevent and detect more fraud.

22. The team have applied this new capability to the Council's creditor payments systems and have produced repeatable scripts which can identify unusual trends, high value or unexpected transactions and other potential irregularities. So far the outcomes are compliance related although work is still on-going on following up some of the more unusual transactions.

23. We will use data analytics on other high risk fraud areas over the coming years – the 2013/14 work plan includes an exercise on payroll and expenses.

24. We have completed the fieldwork on a proactive fraud exercise on ASC direct payments and will report the outcomes shortly – this work has involved fraud awareness sessions with principal practitioners in Adult Social Care which has already resulted in queries and requests for advice from social workers. Our proactive work identified three potentially irregular direct payments cases requiring further investigation – this work is on-going.

25. The team have started work on the Audit Commission's National Fraud Initiative data matches – this process is mandatory occurring every 2 years. The Council's data from key financial systems such as payroll, pensions, creditors and private

residential care has been matched with data from other public and private sector bodies across the country.

26. We received the results earlier this year (19,000 potential matches) and the team have started work investigating the recommended (higher risk) matches i.e. those were there is the potential for fraud or overpayments. We have not, so far, identified any recovery potential but the results do take some time to come to fruition – our work will continue over the year. This has been a successful exercise for the Council in previous years – we recovered £60k in overpayments in 2011 and £113k in 2009.

27. One area we have carried forward to the 2103/14 Work Plan is the Council's fraud risk assessment. We have continually updated our fraud risk profile to address emerging fraud risks highlighted locally through our Midland County Council Fraud Group and nationally via the NFA and Audit Commission. We intend to complete a more detailed reassessment with each Council directorate to ensure we maintain the right focus for our future proactive work.

Conclusion and Next Steps

28. The Counter Fraud and Investigations team have achieved almost 90% of the counter fraud work plan for 2012/13 – the investigation work remains our most resource intensive activity and demand with the new and on-going cases over the year has been significant.

29. The outcomes detailed at point 14 and the total loss recoveries over the year illustrate that the counter fraud arrangements continue to remain robust and effective.

30. The 2013/14 Counter Fraud Work Plan focuses on raising awareness and will ensure a greater emphasis on fraud prevention and detection utilising, where possible, the best practice guidance and tools provided by the NFA.

Counter Fraud Work Plan 2012/13

Area	Days	Indicative Scope	Start Date	End Date	Status
Counter Fraud Arrangements					
CF Data analytics – development		To better target proactive resource	October 2012	March 2013	Final phase c/f to l 2013/14 plan
Midland Counties Fraud Group		Attend quarterly meetings to share intelligence, best practice and develop training opportunities	April 2012	March 2013	Complete
Lincolnshire Authorities Fraud Forum		Lead, organise & attend meetings, share local intelligence, best practice & work on joint initiatives	April 2012	March 2013	Not progressed
CF Champion Liaison		Focus on awareness, progress against plan & emerging themes & fraud risks within Lincolnshire			Complete
Sub Total	**40**				
Anti Fraud Culture					
Raising awareness – engagement and liaison		Members, managers, staff, key partners	July 2012	Sept 2012	Awareness sessions completed with ASC staff more planned for 2013/14
Website maintenance – updates		Warnings of emerging fraud risks, case summaries on proven cases, prevention information	April 2012	March 2013	Complete
Fraud bulletins		Communications via daily news	April	March	Complete, where

Area	Days	Indicative Scope	Start Date	End Date	Status
		bulletins, Audit Lincolnshire website etc	2012	2013	appropriate
Poster campaign		Joint county / district initiative	April 2012		Designs being finalised – launch to c/f to 2013/14 plan
Annual Reports 11/12 – Counter Fraud and Whistleblowing		Submission to Audit Committee	April 2012	June 2012	Complete
Sub Total	**60**				
Deterring Fraud					
Publicising successful prosecutions, outcomes and key developments		Echo, County News, News Lincs, Audit Lincolnshire website	April 2012	March 2013	Complete
Sub Total	**5**				
Preventing Fraud					
Review & re-launch Counter Fraud & Money Laundering Policies		Link with work on further developing anti-fraud culture	April 2012	June 2012	Fraud Policy completed Money Laundering Policy (low priority) – rescheduled to 2013/14
Recommendations tracker		Agree and follow up management action plans arising out of investigations and proactive fraud exercises	April 2012	March 2013	
Internal Audit and Risk Management liaison		Intelligence sharing – attendance at team meetings			
Sub Total	**20**				
Detecting Fraud					
Revisit fraud risk assessment		Assess within all directorates via liaison arrangements	April 2012	June 2012	Deferred - updated risk profile c/f to 2013/14

Area	Days	Indicative Scope	Start Date	End Date	Status
Continuous fraud testing (fraud & error)		Linked with due diligence quarterly testing	July 2012	March 2013	Complete
Proactive fraud exercises		Based on national and local emerging risk areas	July 2012	March 2013	Direct Payments – fieldwork completed
National Fraud Initiative 2012/13		Preparation for data upload and initial work on LCC matches 2013	Sept 2012	March 2013	Data upload successful – review of data matches on-going
Sub Total	**160**				
Investigating Fraud					
Memorandum of Understanding with Police		Arrangements with Economic Crime Unit contact soon to end – need for formal agreement.	April 2012	June 2012	Not pursued
Fraud Investigation		In line with investigation manual and recommended best practice	April 2012	March 2013	
Sub Total	**300**				
Sanctions & Redress					
Pursue civil, disciplinary and/or criminal sanctions		Picked up during investigation process	April 2012	March 2013	
Identify and recover all losses		Identified during investigation process and recovery action sought through POCA, Insurance and legal means.	April 2012	March 2013	£160k total recovery
Contingency	65	To enable flexibility in the plan to address emerging risks and/or investigative demand	April 2012	March 2013	Transferred to meet investigative demand
Total Work Plan for 2012/13	**650**				

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Open Report on behalf of Pete Moore, Executive Director Resources and Community Safety

Report to:	**Audit Committee**
Date:	**24 June 2013**
Subject:	**Internal Audit Annual Report - 2013**

Summary:
This report gives the Head of Internal Audit opinion on the adequacy the Councils governance and control environment and delivery of the Internal Audit Plan for 2012/13.

Recommendation(s):
That the Committee consider the content of the Head of Audit Annual Report and any actions it may wish to make.

Background

1. The Annual Internal Audit Report aims to present a summary of the audit work undertaken over the past year. In particular:

    ▪ Include an opinion on the overall adequacy of and effectiveness of the governance framework and internal control system and the extent to which the Council can rely on it;
    ▪ Inform how the plan was discharged and of overall outcomes of the work undertaken;
    ▪ Draw attention to any issues particularly relevant to the Annual Governance Statement.

2. The detailed report is attached in Appendix A.

Conclusion

Our internal audit service continues to work with the Audit Committee and Management to help the Council maintain effective governance, risk and control processes.

During 2012/13 there have been a number of areas where we have identified the need for improved compliance and strengthening of the control processes. In

forming my opinion I have also drawn upon other assurance intelligence in the Council. Taking all the information into account - I have assessed the:

- governance, risk and control processes of the Council as **amber** – performing adequately with some improvements required, and
- the financial control environment as **green** – performing well

The content of the Internal Audit Annual report has also informed the development of the Councils' Annual Governance Statement 2013 – due to be presented to this Committee at its July 2013meeting.

We have also delivered 87% of the revised audit plan to agreed performance of 100% target – this was due to a combination of factors:

- some difficulties we have had in scheduling audits during the year
- a member of the team going in long term sick in February, and
- other more urgent work being requested

 All other targets were achieved.

Consultation

 a) **Policy Proofing Actions Required**

 Not applicable

Appendices

These are listed below and attached at the back of the report	
Appendix A	Internal Audit Annual Report - 2012/13

Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Internal Audit Annual Plan -2012/13	Audit Committee minutes and papers

This report was written by Lucy Pledge, who can be contacted on 01522 553692 or lucy.pledge@lincolnshire.gov.uk.

Lincolnshire County Council Internal Audit Annual Report 2012/13

Lucy Pledge
Head of Audit & Risk Management

CONTENTS

Distribution List			
Audit Committee Executive Director – Pete Moore External Audit Governance Group			

Lincolnshire County Council
Annual Internal Audit Report

MANAGEMENT SUMMARY

Purpose of Annual Report

1   The Annual Internal Audit Report of Lincolnshire County Council aims to present a summary of the audit work undertaken over the past year. In particular:

- Include an opinion on the overall adequacy of and effectiveness of the governance framework and internal control system and the extent to which the Council can rely on it;
- Inform how the plan was discharged and of overall outcomes of the work undertaken;
- Draw attention to any issues particularly relevant to the Annual Governance Statement.

Opinion on the Governance Framework and Internal Control Environment

2   For the 12 months ended 31 March 2013, based on the work we have undertaken and information from other sources of governance my opinion regarding the adequacy and effectiveness of Lincolnshire County Council's arrangements for governance, risk management and control are as follows:
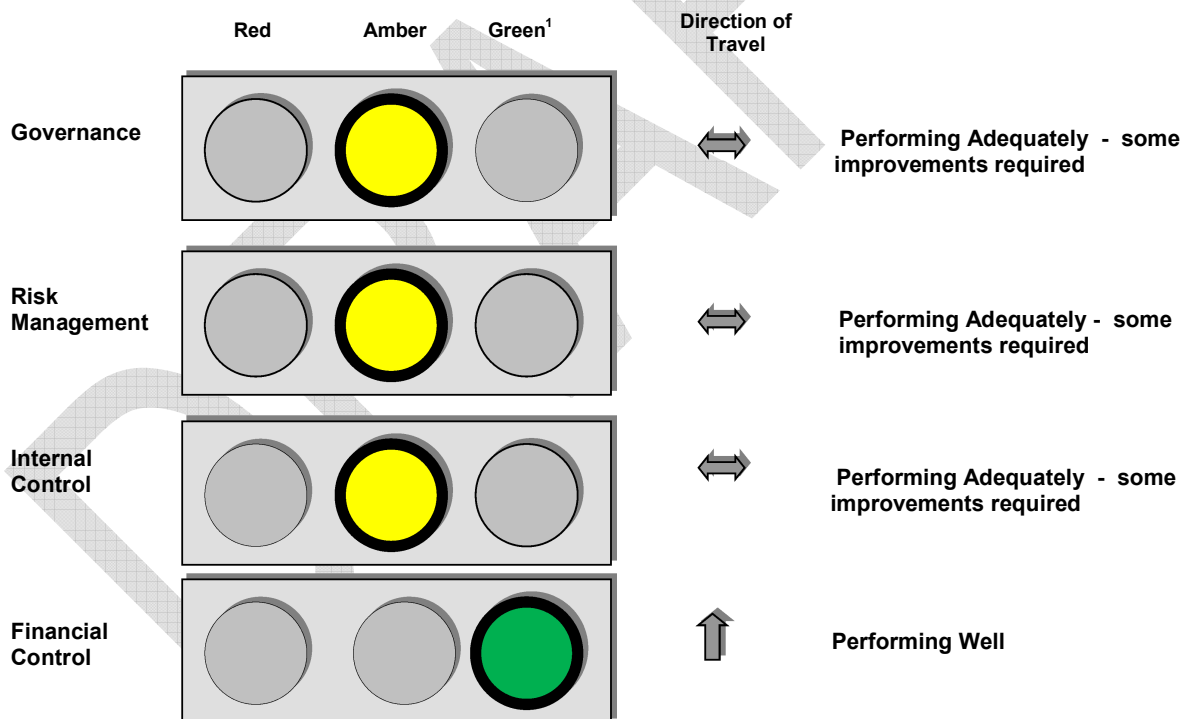
	Red	Amber	Green[1]	Direction of Travel	
Governance		● (yellow)		⟺	Performing Adequately - some improvements required
Risk Management		● (yellow)		⟺	Performing Adequately - some improvements required
Internal Control		● (yellow)		⟺	Performing Adequately - some improvements required
Financial Control			● (green)	⬆	Performing Well

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3   Our work provides an important element to the Councils' assurance arrangements and supports the District Auditor's opinion on the Council's Financial Statements.

How we came to our opinion.

Internal and Financial Control Arrangements

4   Whilst we are satisfied that the overall standard of internal control for the financial year ending 31st March 2013 is 'performing adequately' - our work did identify some areas of improvement.

5   My opinion has taken into account of the outcome of our internal audit work during the year. There were no areas receiving a no assurance opinion this year. There were a number of areas that were limited (39) of which the following have outstanding actions by management which have been designed to improve the system and manage potential risks:

Adult Care

We continue to work with Adult Care to strengthen the assurance arrangements on their critical activities. We are currently completing an audit on case management – interim findings have identified areas for improvement around:
- Referrals
- Assessment process
- Case management and recording
- Risk assessment

Adult safeguarding is also one of the Council's strategic risks.

This area has been included in the Annual Governance Statement for 2013 as an area where further work is required to improve systems or monitor how the key risks facing the Council are being managed.

Performance & Governance - Maintaining ICT Resilience

A number of Internal Audit Reviews gave limited assurance – actions remain outstanding on:
- Software licencing
- Data Management
- IT Disaster Recovery (in progress – indicative assurance Limited)

IT Disaster Recovery continues to be raised as an area of concern by the Audit Committee. The Committee remains uncertain over assurances that can be provided over the Councils resilience in the event of a disaster - balancing the risk / resilience / recovery / affordability.   Audit Committee has requested more in depth insight on the current position for their 22 July 2013 meeting.

This area has been included in the Annual Governance Statement for 2013 as an area where further work is required to improve systems or monitor how the key risks facing the Council are being managed.

Resources and Community Safety - Fire & Rescue Fuel

In 2012 an investigation identified mis-use of fuel. Our audit reviewed the system to provide assurance that system improvements had been implemented to prevent this from happening again and that there were procedures in place to effectively manage fuel stock and compliance with agreed polices. Limited assurance was provided and recommendations remain outstanding at the end of March 2013.

Counter Fraud

Our counter fraud work has identified a number of areas where internal control processes have failed. These have resulted in fraud or loss to the Council estimated to be in the region of **£690k**. The Council continues to fight against the risk of fraud - taking appropriate recovery and redress action. We have recovered **£160k.** Steps are also taken to improve systems.

Combined Status Reports

6   In November 2012 and January 2013 Executive Directors produced their first Combined Assurance reports. The diagrams below provide more detailed information of the level of assurances given:

LCC _ Overall Assurance Status
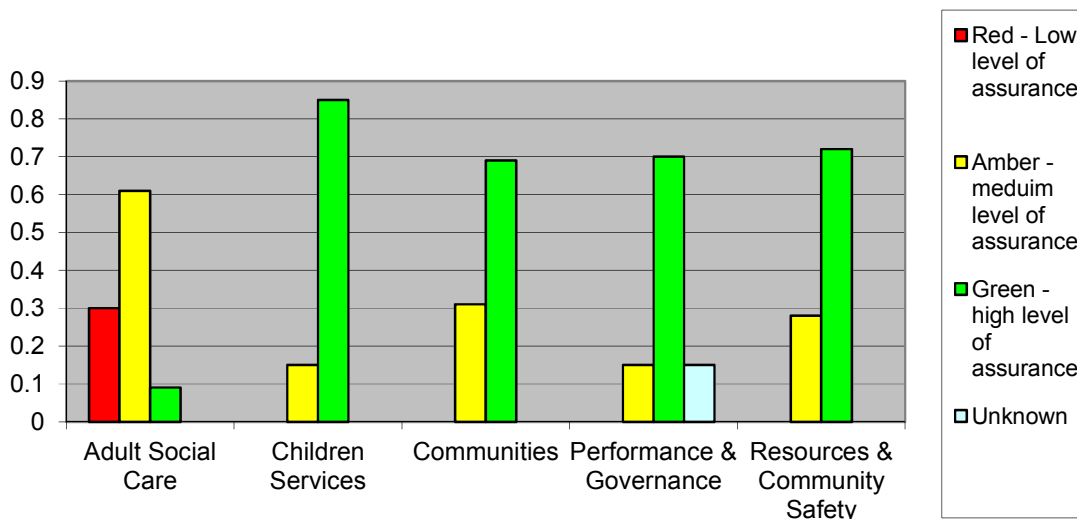
Overall there is a high level of positive assurance on our critical systems, key risks and projects. The area where concerns have been raised is Adult Care – these are being addressed through the Council's governance, assurance and performance frameworks. The Audit Committee also continues to monitor the assurance in Adult Care's – an update is scheduled for its July meeting.

Note – unknown are areas where we have either not had the opportunity to co-ordinate assurance or there is a gap.

7   Councils Governance Group and Executive Directors have undertaken the annual
        review of the Councils governance framework.   They have identified a number of
        areas where further work is required to improve systems or monitor how the key
        risks facing the Council are being managed, namely:
        • Maintaining good governance
        • Workforce and management capacity
        • Public Health integration and transition
        • Adult Care – change (pace and scale)
        • Adult Care – safeguarding vulnerable adults
        • Children Services – safeguarding children
        • Children Services – Education and skills
        • Maintaining financial resilience
        • Procurement and contracting
        • Becoming a commissioning organisation
        • Maintaining ICT resilience

8   The Council has good financial management processes in place – that generally
        work well. It has been acknowledged by the Council that 'maintaining financial
        resilience' in the current uncertain economic and reduced funding environment is a
        strategic risk facing the Council. Although this strategic risk is being managed
        effectively – given its significance it has been included in Annual Governance
        Statement 2013.   Based on this my opinion over the Council's financial control
        environment is **green** – performing well.

9   We track the implementation of agreed management actions. Over the past year
        management have implemented **38%** of our 16 high priority and **73%** of our 40
        medium priority recommendations due by the 31st March 2013. These figures have
        been skewed by outstanding actions for ICT systems and Fire and Rescue fuel.
        Where action has not been taken we have escalated the activity to the Audit
        Committee. We will continue to work with the Audit Committee to monitor
        implementation of recommended action during 2013/14.

10   Taking all of the above information together we have assessed the internal control
        environment as **amber** – performing adequately – some improvement required.
        Improvement plans are tracked through the Councils performance management
        systems and the *Audit Committee.*

        Governance

11   We have taken account of structures and processes, which have been put in place
        to ensure that the Council promotes good governance in the way it operates.

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

13   Good governance in included on the Council's Strategic Risk Register. It recognises
        that our governance framework and assurance arrangements need to adapt and
        respond to the major changes and different ways of working.   The new

administration of the Council will affect our governance arrangements and consequently the Executive Director – Performance and Governance has included 'Maintaining Good Governance' in the Annual Governance Statement 2013. The key areas under review are:

- Balancing good governance, risk and flexibility
- Informed decision making
- Working relationships and the political interface

14   Based on this I have assessed the governance framework as **amber** – performing adequately – some improvement required. A review of our governance framework is planned in 2013/14.

Risk Management

15   Overall, the Council continues to adequately demonstrate that it has mature systems and processes for managing risk at a strategic level. We have reviewed or Strategic Risk Management Strategy and the management arrangements in place to ensure that these are effective. Further work is required to update the tools available to help councillors and managers take well measured risk decisions and manage operational risks. The diagram below shows the current assurance levels on the Councils Strategic risks:

Assurance on Your Key Risks

Red - low level of assurance	Amber - medium level of assurance	Green - high level of assurance	Unknown/Gap
0%	53%	47%	0%
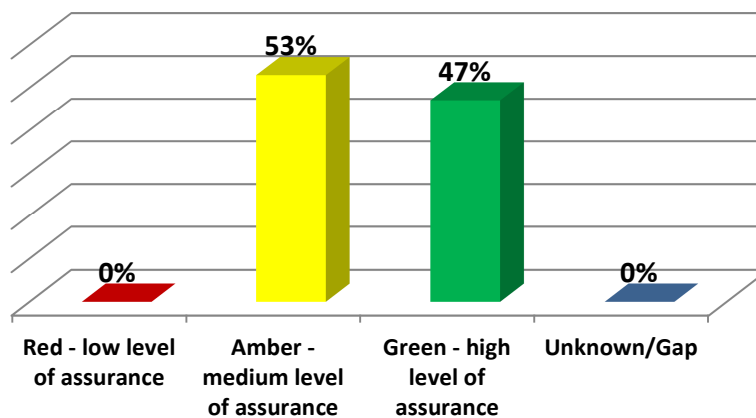
This is the reason why I have assessed risk management as **amber** – performing adequately – some improvement required.

16   The Councils' *Audit Committee* continues to help ensure that effective risk management arrangements are in place.

Delivery of internal audit plan 2012/13

17   The Audit Committee approved the 2012/13 audit plan on the 24th April 2012. We have delivered **87%** of the revised plan by the end of the year.

18   The table below shows our performance on key indicators. We are pleased to report successful achievement against our targets:

Performance Indicator	Target	Actual for 2012/13
Productivity & Efficiency		
Actual audits versus planned (by no of audits)	100%	87%
Financial Systems	100%	100%
% of Reports issued within 2 weeks of closure meeting	100%	100%
Quality of Service		
Client questionnaire scoring better than average for all categories	Good to Excellent	Good to Excellent

Effectiveness of Internal Audit

19   The Council reviewed the system of Internal Audit and assessed it as *effective.* A number of planned improvements were delivered in 2012/13:

- Further development of the Audit Lincolnshire Partnership

- Improved efficiency through pooling resources and sharing good practice.

- Successful development of the Combined Assurance model to help the Council to obtain wider assurance across its critical activities and key risks. This initiative has been recognised by CIPFA for its 'innovation and excellence' in public sector auditing – Audit Lincolnshire were the winners of the Cliff Nicholson Award 2012.

20   This assessment will be updated in June 2013 and reported to the Audit Committee in July 2013.

Counter Fraud

21   The Council has put in place good arrangements to help reduce the risk of fraud and error. The outcome of this is detailed in a separate annual report.

SCOPE OF WORK

Benchmarking - Comparison of Assurances

22   The charts below show the assurance opinions given in 2012/13 compared to those in 2011/12. 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 Councils control environment. We can report that there were no instances of a 'no assurance' opinion this year.   Details of systems reviewed can be found in Appendix 1:

Service Areas

Assurance levels 2011/12

No 5%
Full 15%
Limited 30%
Substantial 50%

Assurance levels 2012/13

No 0%
Full 23%
Limited 39%
Substantial 38%
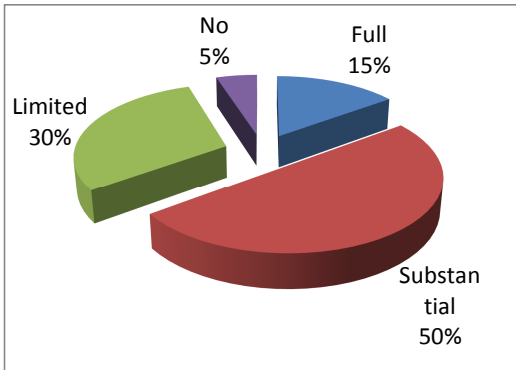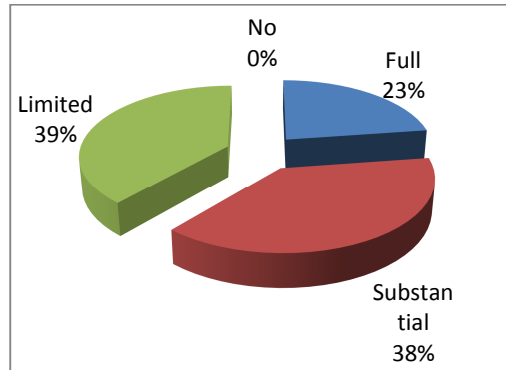
Schools

Assurance Levels 2011/12

Limited 17%
No 2%
Full 17%
Substantial 64%

Assurance Levels 2012/13

Limited 24%
No 1%
Full 6%
Substantial 69%
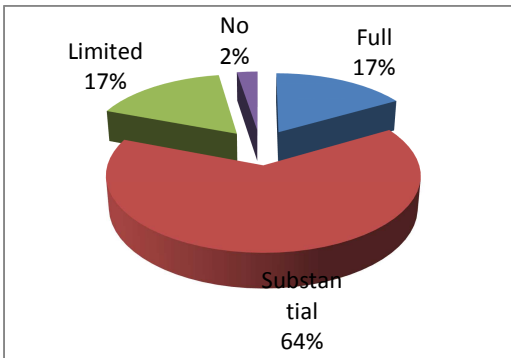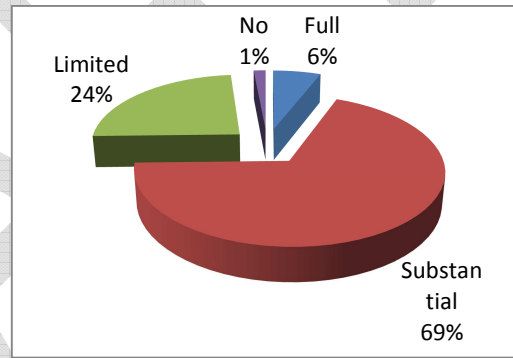
Benchmarking - Comparison of Recommendations

23   The charts below show the comparison of internal audit recommendations made 2010/11 and 2011/12.   Details of systems reviewed can be found in Appendix 1:

Service Areas

Recommendations 2011/12

Low Priority 22%
High Priority 42%
Medium Priority 36%

Recommendations 2012/13

Low Priority 37%
High Priority 19%
Medium Priority 44%
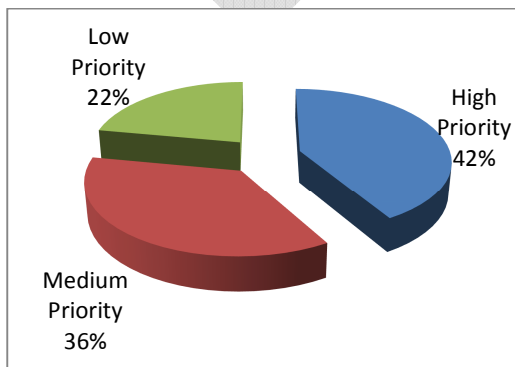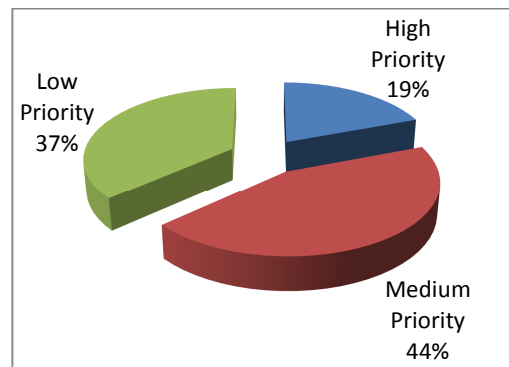
Schools

Recommendations 2011/12

High Priority 10%
Low Priority 44%
Medium Priority 46%

Recommendations 2012/13

Low Priority 31%
High Priority 13%
Medium Priority 56%
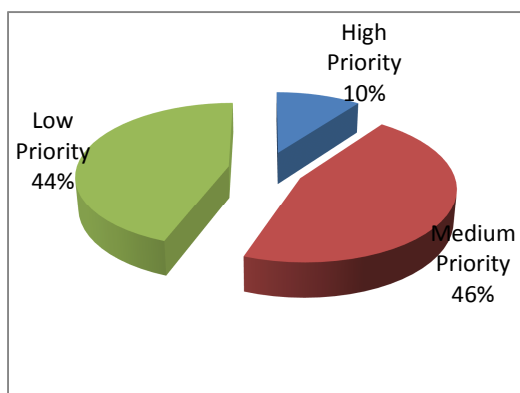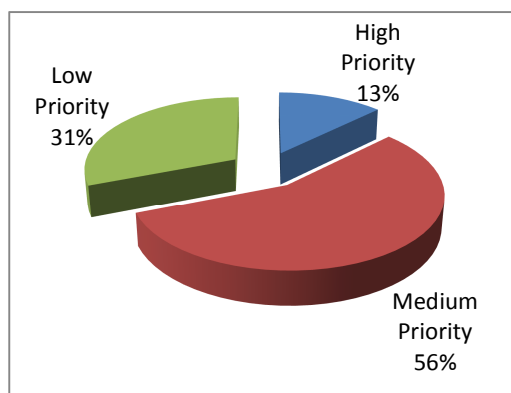
Restrictions on Scope / Disagreements

24   In carrying out our work we identified no unexpected restrictions to the scope of our work. We have had difficulties in gaining access to staff which resulted in some delay or inability to deliver planned work within the expected timescales. This is a common issue with the delivery of our work however the impact of the level of uncertainty and change in the Council has made this more acute.

Other Areas of Audit Activity

25   During the year audit provided help on identification of risks and controls on a number of key developments. These included:

- Working with Adult Care to undertake an Individual Management Review in relation to a serious case review.
- Certification work on grant claims

26   Training has been given to the Audit Committee to provide members with knowledge and information on key areas in its terms of reference.

Quality Assurance

27   Internal Audit operates in accordance with the standards of best practice applicable to Internal Audit (particularly the CIPFA Code of Practice for Internal Audit in Local Government).

28   Our audit practice includes quality reviews for all our 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 assignment has been completed on time, within budget and to the required quality standard.

29   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. KPMG has undertaken a 'light

touch' review of our audit practice and we are pleased to report that no issues have been identified.

30   New Public Sector Internal Audit Standards came into effect from the 1st April 2013 – a self- assessment is currently being undertaken by Audit Lincolnshire on behalf of the Council. The outcome of this assessment will identify any changes / actions that may be required to ensure compliance.

31   There is a financial commitment for training and developing staff. Training provision is continually reviewed through the appraisal process and regular one to one meetings.   A training programme has been developed to ensure that staff are kept up to date with the latest technical / professional information and to ensure that they are equipped with the appropriate skills to perform their role.

32   We regularly canvass opinions on audit planning, report and communication from management responsible for activities under review. They score the effectiveness of our service as excellent, good, adequate or poor. The table below outlines the responses by management on our service. For 2012/13 there was a **52%** questionnaire return rate from service areas and a **31%** return rate from schools, the overall average rating for the service was good to excellent.
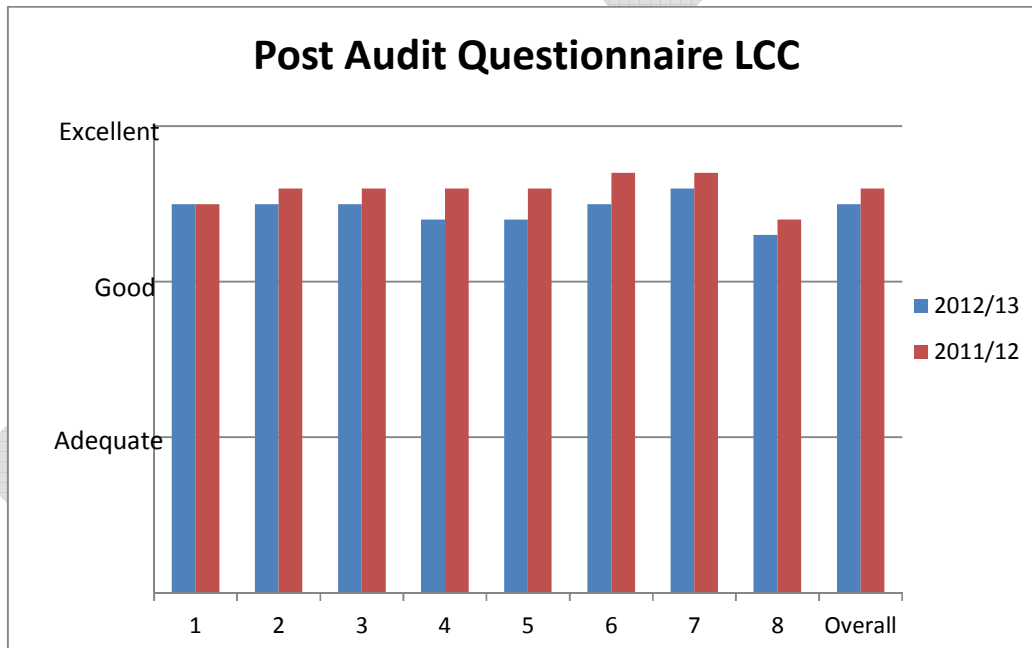
Questions

A. Audit Planning

1. Consultation on audit coverage
2. Fulfilment of scope and objectives

B. Audit Report

3. Quality of report

4. Accuracy of findings

5. Value of report

C. Communication
6. Feedback of findings during audit

7. Helpfulness of auditor(s)
8. Prompt delivery of the audit report

Assurances Given 2012/13

Activity	Assurance	Total Recs	Priority of Recommendations		
			High	Medium	Low
Performance & Governance					
Strategic Communications	Substantial	5		4	1
Software Licensing	Limited	3	3		
Electronic Data Management	Limited	6	2	4	
Asset Management	Limited	6		6	
Disaster Recovery	Limited final report being agreed				
Mobile Computing & Remote Access	Substantial final report being agreed				
Total		**20**	**5**	**14**	**1**
Performance & Governance – Due Diligence					
Corporate Governance	c/f 2013/14				
Programme Office	In progress				
Performance Management	In progress				
Big Society Members Grant	Limited	4	1	3	
People Strategy	c/f 2013/14				
Total		**4**	**1**	**3**	
Adult Services					
Process Improvement Project	Support provided	N/A			
Project risk management	Limited	3	2	1	
Contract management	Cancelled				
Case management	In progress additional testing agreed				
Referrals & contact management					
Night Support service	Cancelled				
Emergency Duty Team	Cancelled				
Total		**3**	**2**	**1**	
Children's Services					
Early Intervention	Substantial	8	1	2	5
Children Centres	Substantial	17	2	6	9
Child Protection Plans	Limited	9	2	3	4
Adoption	Cancelled				
Out of County Provision	Substantial	2	1	1	
Police Notification of Domestic Violence	Cancelled				
Quality Assurance Performance System	Substantial	7		7	
Total		**43**	**6**	**19**	**18**
Communities					
Business Centres	Substantial	11		5	6

Activity	Assurance	Total Recs	Priority of Recommendations		
			High	Medium	Low
Local Enterprise Partnership	Full	3		2	1
Teal Park Project	Substantial final report being				
Carbon Reduction Commitment	Substantial	3	1	1	1
Grantham Relief Road	Substantial	4	1	3	
Energy from Waste	Substantial	1		1	
Total		**22**	**2**	**12**	**8**
Resources & Community Safety					
Fire & Rescue Fuel Management	Limited	7	3	2	2
Fire & Rescue Project & Partnership Management	Limited	7	4	3	
Legal Lincolnshire	Full	9			9
Procurement Lincolnshire Category Management	Substantial	3rd party assurance			
Property Strategy	Postponed to Summer 2013				
Property Rationalisation Project	Substantial final report being agreed				
Coroner's Office	Limited	14	3	8	3
Registrars	In progress				
Safer Communities	Limited	9	6	3	
Youth Offending Safeguarding	Full	3rd party assurance			
Youth Offending Case Management	Full	0			
Total		**46**	**16**	**16**	**14**
Resources & Community Safety – Due Diligence					
Development & implementation of data analytics / continuous audit	N/A	Completed			

Activity	Assurance	Total Recs	Priority of Recommendations		
			High	Medium	Low
Financial Systems – revised plan					
▪ Treasury Management	Full	1			1
▪ Bank Reconciliation	Full	1			1
▪ Pensions Administration	Limited	5	3	1	1
Quarterly testing Q1/2 – key financial systems (Creditors / Payroll / Debtors / Pensions)	Substantial	5		1	4
Q3/4 testing covering: cash, non- current assets, general ledger, pension fund /pensions admin	Full	0			
Financial and contract regulations - LCC establishment visits:					
▪ 33 Northolme	Substantial	2			2
▪ 91 Eastgate	Substantial	7		5	2
▪ Lincoln Registrars	Full	2			2
▪ Haven cottage	Substantial	4		2	2
▪ Gainsborough Old Hall	Substantial	4		1	3
▪ Battle of Britain Museum	Full	3			3
▪ Lincoln Castle	Substantial	5	1	4	
▪ Lincoln Library	Substantial	5		1	4
Capital Programme	Full	1			1
Tax Compliance	Substantial	3		2	1
Contract Management Review of contracts across directorates	In progress				
Total		**48**	**4**	**17**	**27**
Total for LCC		**186**	**36**	**82**	**68**
Due by 31 March 2013			**16**	**40**	**68**
Due after 31 March 2013			**20**	**42**	

Details of School Audits 2012/13

School	Assurance	Total Recs	Priority of Recommendations		
			High	Medium	Low
Boston Nursery School	Limited	25	5	12	8
Billingborough Primary School	Limited	9	3	5	1
Boston Hawthorn Tree School	Substantial	16	1	8	7
Boston St Mary's Catholic Primary School	Limited	17	4	8	5
Bucknall Rural Villages School	Limited	9	2	4	3
Chapel St Leonards Primary School	Substantial	13		8	5
Coleby CE Primary School	Substantial	13		7	6
Corby Glen Community Primary School	Limited	15	2	10	3
Cowbit St Mary's CE Primary School	Substantial	2	1	1	
Cranwell Primary School	No	32	10	18	4
Denton CE School	Substantial	7	1		6
Digby CE School	Substantial	8		3	5
Donington Cowley Endowed Primary School	Substantial	3		2	1
Dunholme St Chad's CE Primary School	Substantial	12		10	2
Faldingworth Community Primary School	Limited	12	3	5	4
Gainsborough Parish Church Primary School	Substantial	8	2	3	3
Gedney Hill CE (CTD) Primary School	Limited	9	2	5	2
Gedney Drove End School Holbeach St Mark's CE Primary School Sutton Bridge Westmere Community Primary School	Substantial	18	1	14	3
Gosberton Clough & Risegate Primary School	Substantial	8	1	6	1
Grantham St Anne's CE Primary School	Substantial	17	1	7	9
Grantham The Isaac Newton Primary School	Substantial	9		5	4
Grimoldby Primary School	Limited	15	5	10	0
Harlaxton CE Primary School	Limited	9	1	3	5
Holbeach St Marks CE Primary School	Substantial	Federated with Gedney Drove End			
Ingham Primary school	Substantial	7		5	2
Ingoldsby Primary School	Limited	17	1	14	2
Keelby Primary School	Substantial	6		1	5
Leasingham St Andrew's CE Primary School	Limited	14	4	7	3

School	Assurance	Total Recs	Priority of Recommendations		
			High	Medium	Low
Legbourne East Wold Primary School	Substantial	13	1	7	5
Lincoln The Lancaster Primary School	Substantial	7		4	3
Lincoln Bracebridge Infant School	Substantial	7		5	2
Manor Leas Junior School	Substantial	12		7	5
Lincoln Chad Varah Primary School	Limited	18	3	7	8
Lincoln Woodlands Infant School	Substantial	10		5	5
Lincoln Sir Francis Hill Parish School	Substantial	6	1	4	1
Louth Lacey Gardens Primary School	Limited	19	4	10	5
Martin Mrs Mary King's CE Primary School	Substantial	6		5	1
Navenby CE Primary School	Substantial	6		4	2
New York Primary School	Full	0			
Old Leake Primary & Nursery School	Substantial	10	2	5	3
Pinchbeck East CE Primary School	Full	2		2	
Pinchbeck St Bartholomew's CE Primary School	Substantial	6	1	3	2
Quadring Cowley & Brown's Primary School	Substantial	5	2	3	
Scotter Primary School	Substantial	12		5	7
Saltfleetby Primary School	Substantial	4		2	2
Skellingthorpe St Lawrence CE Primary School	Limited	8	3	4	1
Skellingthorpe The Holt Primary School	Substantial	15		10	5
South Witham Community Primary School	Substantial	11	1	9	1
Spalding St Paul's Parish & Nursery School	Substantial	12		8	4
Spalding Parish CE Day School	Substantial	3		3	
Stamford St George's CE Primary School	Substantial	8		8	
Sutton Bridge Westmere Community Primary School	Substantial	Federated with Gedney Drove End			
Tattershall Clinton Park Primary School	Substantial	6		4	2
Tetford the Edward Richardson Primary	Substantial	8	1	5	2
Tydd St Mary CE Primary	Substantial	7	1	6	0

School	Assurance	Total Recs	Priority of Recommendations		
			High	Medium	Low
School					
Uffington CE Primary School	Substantial	1		1	
Waddingham Primary School	Substantial	5		3	2
Whaplode CE Primary School	Substantial	10	2	3	5
Willoughby St Helena's CE Primary School	Substantial	11	1	6	4
Wyberton Primary School	Limited	20	5	7	8
Cherry Willingham Community School	Limited	17	4	7	6
Kirton Middlecott School	Substantial	7	0	4	3
Louth King Edward VI Grammar School	Full	5	0	2	3
Louth Cordeaux School	Substantial	8	0	8	0
Spalding Grammar School	Substantial	11	2	5	4
Tattershall Gartree Community School	Full	2	0	1	1
The Gainsborough Federation	Substantial	16	1	11	4
Total for Schools		**664**	**85**	**374**	**205**

End of Appendix 1

OUTSTANDING AUDIT RECOMMENDATIONS AT 31/03/13

Activity	Issue Date	Assurance	Recs Imp	Recommendations Outstanding		
				High	Medium	Low
ICT						
SAP Security & Licensing	March 2012	Limited	24	5		
Data management	Jan 2013	Limited	2	2	2	
Asset management	Jan 2013	Limited	2		4	
Software Licensing	Jan 2013	Limited	0	3		
Communities						
Carbon Reduction	Jan 2013	Substantial	0		2	
Children's Services						
Section 139a Assessments	June 2012	Substantial	0	1	1	
Resources & Community Safety						
Budget Management	July 2012	Substantial	7		2	
Fire & Rescue Fuel	Feb 2013	Limited	0	4	2	
Safer Communities	July 2012	Limited	7	1	1	
Due Diligence						
Lincoln Castle	Oct 2012	Substantial	4		1	
Big Society Fund	Sept 2012	Limited	3	1		
Total				**17**	**15**	

End of Appendix 2

Lincolnshire
COUNTY COUNCIL
Working for a better future

Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director Resources and Community Safety

Report to:	**Audit Committee**
Date:	**24 June 2013**
Subject:	**Work Plan**

Summary:

This Report provides the Committee with information on progress on agreed actions and its work plan up to November 2013.

Recommendation(s):

1.   Review the progress of agreed actions in Appendix A, and

2.   Review the work plan set out in Appendix B and identify any changes.

Background

1.1 An agreed action plan has been pulled together to help the Committee keep track of actions agreed during meetings or workshops (see Appendix A).

1.2 The work plan is based on the core activities of the Committee as set out in its terms of reference and best practice (see Appendix B).

Conclusion

2.1   The work plan helps the Committee monitor its work programme and keep track of areas it requires further work and/or assurance.

Consultation

Policy Proofing Actions Required
Not applicable

Appendices

These are listed below and attached at the back of the report	
Appendix A	Agreed Actions
Appendix B	Work Plan to November 2013

Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
N/A	

This report was written by Lucy Pledge, who can be contacted on 01522 553692 or lucy.pledge@lincolnshire.gov.uk.

Audit Committee – Action Plan

Agreed Action	Person Responsible	Target Date	Outcome / Progress
Briefing papers occasionally for Programme Centre : ~ Risk Management ~ Key projects and support areas	-	-	Keep on work plan as reminder
Additional data re ASC be brought to future meeting	Glen Garrod	July 2013	
Protocol developed that clarifies expectations and makes the best use of the combined Audit resource	Lucy Pledge	July 2013	
ICT Assurance and follow up	Judith Hetherington Smith	July 2013	

Completed Actions			

Audit Committee – Work Plan   Appendix B

22nd April 2013	24th June 2013	22nd July 2013	23rd September 2013	11th November 2013
1. Internal Audit Progress Report	1. Business Continuity Assurance Report	1. Internal Audit Progress Report	1. Progress of Counter Fraud Plan	1. Internal Audit Progress Report
2. External Audit Progress Report	2. Schools Financial Control Environment	2. External Audit Progress Report	2. Whistleblowing Annual Report	2. Analysis of outstanding high recommendations
3. Risk Management Update	3. Counter Fraud Annual Report	3. Scrutiny of Financial Statement	3. Financial Statement Approval	3. Half yearly Programme on Risk Management
4.Counter Fraud Update	4. Internal Audit Annual Report	4. Adult Social Care Update	4. Statement of Accounts LCC	4. Programme on Risk Management
5. Internal Audit Plan 2013/14		5. Internal/External Audit Protocol	5. External Audit Annual Governance Report LCC Statement of Accounts	
6. Counter Fraud Annual Plan 2013/14		6. Draft statement of accounts	6. LCC Pension Fund Accounts 2012/13	
7. International Audit Standards – Response to management processes questions		7. ICT Assurance and follow up	7. Financial Procedures	
8. External Audit Plan		8.Review of Governance Framework & Development of Annual Governance Statement 2013		
9. Statement of Accounts 2012/13				