

County Offices
Newland
Lincoln
LN1 1YL

13 November 2015

Audit Committee

A meeting of the Audit Committee will be held on **Monday, 23 November 2015 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), N I Jackson, Miss F E E Ransome, S M Tweedale, W S Webb and P Wood

Voting Added Member

Mr P D Finch, Independent Added Person

**AUDIT COMMITTEE AGENDA
MONDAY, 23 NOVEMBER 2015**

Item	Title	Pages
1	Apologies for Absence	
2	Declaration of Members' Interests	
3	Minutes of the meeting held on 21 September 2015	5 - 10
4	Chief Executive and Executive Director Briefings on Assurance Arrangements <i>(To receive a briefing from the Chief Executive and each of the Executive Directors in order to provide the Committee with some insight on how the potential changes and financial challenges ahead may impact on assurance arrangements)</i>	11 - 24
5	Update on the Agresso Project <i>(To receive an update on the Agresso Project)</i>	Verbal Report
6	Counter Fraud Progress Report to 31 October 2015 <i>(To receive a report which provides an update on the Council's fraud investigation activities and information on progress made against our Counter Fraud Work Plan 2015/16)</i>	25 - 40
7	Risk Management Progress Report - November 2015 <i>(To receive a report which provides an update on how the Council's biggest risks are being managed as well as reporting on the progress made in assisting the Council to adapt and change the way it 'thinks' about risk)</i>	41 - 62
8	Internal Audit - External Quality Assessment <i>(To receive a report which provides the Committee with the proposed scope for undertaking the external assessment as required by the Public Sector Internal Audit Standards as part of Internal Audit's Quality Assurance and Improvement Programme)</i>	63 - 72
9	Review of Audit Committee Terms of Reference <i>(To receive a report which provides an opportunity for the Committee to consider its Terms of Reference)</i>	73 - 86
10	Annual External Audit Letter 2014/15 <i>(To receive a report which presents the opinion of the Council's External Auditor following the 2014/15 external audit of Lincolnshire County Council and the Pension Fund)</i>	87 - 96
11	External Audit Progress Report <i>(To receive a report which provides an opportunity to consider an update from the KPMG, the County Council's External Auditors, on the 2015/16 Audit deliverables)</i>	97 - 110

- 12 Outstanding Audit Actions Report** 111 - 148
(To receive a report which provides a detailed update on the status of all overdue high risk agreed actions from previous audits)
- 13 Work Plan** 149 - 158
(To receive a report which provides the Committee with information on the core assurance activities currently scheduled for the 2015/16 work plan)

Democratic Services Officer Contact Details

Name: **Rachel Wilson**

Direct Dial **01522 552107**

E Mail Address rachel.wilson@lincolnshire.gov.uk

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.

All papers for council meetings are available on:
www.lincolnshire.gov.uk/committeerecords



AUDIT COMMITTEE 21 SEPTEMBER 2015

PRESENT: COUNCILLOR MRS S RAWLINS (CHAIRMAN)

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

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

Councillors: Mrs J Brockway, R G Davies, P M Dilks, I G Fleetwood, M S Jones, C E D Mair, Mrs A M Newton, Mrs M J Overton MBE, R B Parker and M A Whittington attended the meeting as observers

Officers in attendance:-

Tony Crawley (KPMG), David Forbes (County Finance Officer), Judith Hetherington Smith (Chief Information and Commissioning Officer), Pete Moore (Executive Director of Finance and Public Protection) and Rachel Wilson (Democratic Services Officer)

19 APOLOGIES FOR ABSENCE

No apologies for absence were received.

20 DECLARATION OF MEMBERS' INTEREST

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

21 MINUTES OF THE MEETING HELD ON 20 JULY 2015

RESOLVED

That the minutes of the meeting held on 20 July 2015 be signed by the Chairman as a correct record.

22 INTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report which provided an update on audit work undertaken in the period 15 July 2015 to 31 August 2015.

Members were informed that during this period, 8 County Audits had been completed, 1 to final report and 2 to draft report stage as well as finalising 5 school audits. There were 7 audits in progress. It was also reported that there were still two auditors advising/supporting the Agresso project – post implementation.

**AUDIT COMMITTEE
21 SEPTEMBER 2015**

Members were advised that the Corporate Audit and Risk Management restructure had been finalised and was due for implementation on 1 October 2015. It was noted that there would be a period of transition, as people take on their new roles. There would be a review of the audit plan in conjunction with the senior management team.

Members were provided with the opportunity to ask questions to the officers present in relation to the information contained within the report, and some of the points raised during discussion included the following:

- It was clarified that under performance information, the targets should be for 2015/16 not 2014/15 as stated in the report;
- There were concerns that only 20% of the Plan had been completed. However, members were advised that at this point of the year it was expected that around 35% of the plan would be complete. It was suggested whether splitting the year into quarters would be useful for members in future reports. It was agreed that this would be helpful;
- Officers would be looking at what was scheduled to be audited for the rest of the year and the work that had to be done would be prioritised. In terms of resources needed from November onwards, it was noted that there could be additional resources available through the partnership with Leicester City Council. There were also contractors specifically focused on financial controls and their contract had been extended to the end of March 2016;
- In relation to staffing, the sickness issue had been resolved, and one person had had to take ill health retirement;
- It was queried when members would be provided with information in relation to the amount of additional time/resources county council staff had spent supporting the Agresso project post implementation. It was noted that the estimated cost in terms of finance staff was £67,000, and the Audit component was £6,500. It was noted that this was the equivalent to around 40 additional days to what had been scheduled;
- It was commented that in terms of the Safeguarding Audit, this looked like a good outcome. Members were informed that the scope of the audit was to ensure that the learning from Serious Case reviews transferred into training for staff. Nationally there were some fairly bad headlines in relation to safeguarding. However, it was felt that there were some strong processes in place to implement recommendations which were made;
- It was noted that a careful watching brief would be kept on the area of safeguarding, as it was currently a high profile area;

RESOLVED

That the Committee note the outcomes of the Internal Audit work.

**23 APPROVAL OF THE COUNTY COUNCIL'S ANNUAL GOVERNANCE
STATEMENT 2015**

Consideration was given to a report which provided the Committee with an opportunity to discuss the Council's Annual Governance Statement 2015.

It was reported that each year the Council was required to reflect on how well the Council's governance framework had operated during the year and identify any governance issues that needed to be drawn to the attention of Lincolnshire's residents. Good governance underpinned everything the Council did and how services were delivered often came under close scrutiny.

Members were informed that a 'good' Annual Governance Statement was an open and honest self-assessment of how well the Council had run its business across all activities – with a clear statement of the actions which had been taken or required to address any areas of concern.

The Audit Committee oversaw the development of the Annual Governance Statement and recommends its adoption by the Council. The Committee had considered the draft statement at its meeting on the 22 July 2015.

Members were provided with the opportunity to ask questions to the officers present in relation to the information contained within the report, and some of the points raised during discussion included the following:

- This was the finalised statement which had been produced as a result of the discussions at the meeting in July;
- In relation to the transition to Agresso, it was noted that similar issues had been experienced when SAP had been introduced;
- There were concerns regarding the amount of additional time and effort that had been involved post implementation of Agresso. Members were advised that all additional time and costs were being tracked;
- Members were advised that the Statement was broadly the same as what had been received at the previous meeting. However, sections had been re-written to include the latest situation with Agresso.

RESOLVED

1. That the Committee agree that the Annual Governance Statement 2015 accurately reflected how the Council was run;
2. That the Committee agreed that the Statement included the significant governance issues/key risks it would have expected to be published;
3. That the Committee approve the Statement and recommend that it be adopted by the Council.

24 EXTERNAL AUDITS ISA 260 REPORT TO THOSE CHARGED WITH
GOVERNANCE ON LINCOLNSHIRE COUNTY COUNCIL'S STATEMENT
OF ACCOUNTS AND LINCOLNSHIRE COUNTY COUNCIL PENSION
FUND ACCOUNTS FOR 2014/15

It was reported that the Statement of Accounts for Lincolnshire County Council and for Lincolnshire County Council Pension Fund for the financial year 2014/15 had been completed and independently audited.

**AUDIT COMMITTEE
21 SEPTEMBER 2015**

Consideration was given to a report which set out the External Auditors findings in their ISA 260 Report to Those Charged with Governance for the County Council's Statement of Accounts and for the Pension Fund Accounts.

The External Auditors reported that they were they planned to be, and it was anticipated that unqualified audit opinion on the Authority's financial statements would be issued by 30 September 2015.

Members were guided through the KPMG Report to those charged with governance (ISA 260) 2014/15 and Report to those charged with governance (ISA 260) – Lincolnshire Pension Fund which were attached as appendices to the report, and were provided with the opportunity to ask questions to officers present in relation to the information contained within the report, and some of the points raised during discussion included the following:

- It had been taken into account that officers had been very open about the issues which had been faced;
- Two significant audit differences in relation to capital accounting were identified, one was material in value, and it was understood this would be adjusted in the final version of the financial statements, and one was non-material which management did not propose to correct;
- It was noted that the review of property, plant and equipment uplifting exercise was an annual exercise, but had not been applied quite correctly this year;
- In relation to the management representation letter, there were no non-standard or exceptional items which needed to be included;
- It was proposed that the external auditor would give an unqualified conclusion, but there were steps which would need to be taken in order to be able to issue this next year as well;
- It was confirmed that other authorities were using Agresso, and the system was not unique to Lincolnshire;
- It was expected that the 2015/16 plan would have additional risk which would require additional cost, however, auditors should be able to make use of the control mechanisms in place. Extra time would be allowed to enable finance staff to correct any errors. A close eye would be kept on what internal audit was doing. It was expected that there would be an additional cost;
- In relation the Management response being marked as to follow, it was noted that this this was only due to a timing issue, and the updated version could be re-issued following the meeting. The management responses would also be included in the value for money conclusion;

RESOLVED

1. That the External Auditors Report to Those Charged with Governance (ISA 260) for Lincolnshire County Council be noted;
2. That the External Auditors Report to Those Charged with Governance (ISA 260) for Lincolnshire County Council Pension Fund be noted;
3. That the Committee approve the Letter of Representation on behalf of the Council to enable the Audit Opinion to be issued.

25 STATEMENT OF ACCOUNTS FOR LINCOLNSHIRE COUNTY COUNCIL
FOR THE YEAR ENDED 31 MARCH 2015

Consideration was given to a report which presented the final Statement of Accounts for Lincolnshire County Council for the financial year 2014/15 for approval.

It was reported that the Committee had had an opportunity to scrutinise the accounts at its meeting in July 2015 and the changes which were discussed had been included in the finalised Statement of Accounts.

RESOLVED

That the Audit Committee approve the Statement of Accounts for 2014/15.

26 WORK PLAN

Consideration was given to a report which provided the Committee with information on the core assurance activities currently scheduled for the 2015/16 work plan.

During discussion of the Work Plan, the following was noted:

- It was suggested that a follow up of the Libraries – Organisational; Review should be scheduled for the work plan in January 2016;
- It was suggested whether the Audit Committee Forum should be re-established, and if members would find this useful;
- Officers would look in when the update on the Coroners Service would be brought back;
- It was suggested whether there could also be an update on Agresso at the November meeting so that the Committee was kept informed.

RESOLVED

That the work plan be approved.

27 CONSIDERATION OF EXEMPT INFORMATION

That in accordance with Section 100 (A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting on the grounds that the following item of business contained exempt information as defined in Paragraph 3 of Part 1 of Schedule 12 A of the Local Government Act 1972, as amended.

28 AGRESSO UPDATE - COUNCIL'S FINANCIAL CONTROL ENVIRONMENT
AND SERCO PERFORMANCE

The following representatives from Serco were in attendance at the meeting:

Sean Hanson – Managing Director
Derek Irvine – Partnership Director
Gareth Moss – Strategic Partnership Director
Pete Eldridge – Operations Director

6

**AUDIT COMMITTEE
21 SEPTEMBER 2015**

Eira Hammond – Payroll Manager
Ian Smith

Members of the Value for Money Scrutiny Committee joined the meeting for consideration of a report which provided the Committee with assurance information on the Council's financial control environment and Serco performance – post implementation of the Agresso system.

Representatives of Serco were in attendance to answer questions from members of both Committees.

RESOLVED

1. That the report be noted;
2. That an Agresso Recovery Group be set up with the following membership:-
 - Executive Councillor for Finance, Property
 - Executive Councillor For Highways, Transport and IT
 - Executive Director for Finance and Community Safety
 - Chief Information Officer
 - One representative of the Audit Committee
 - One representative of the Value for Money Scrutiny Committee

The meeting closed at 2.10 pm

Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director Finance and Public Protection

Report to:	Audit Committee
Date:	23 November 2015
Subject:	Chief Executive and Executive Director Briefings on Assurance Arrangements

Summary:

The Audit Committee plays a vital role in the Council's governance and assurance arrangements. To help the Committee undertake this role effectively they have asked the Corporate Management Board to provide some insight on how the potential changes and financial challenge ahead may impact on these arrangements.

Recommendation(s):

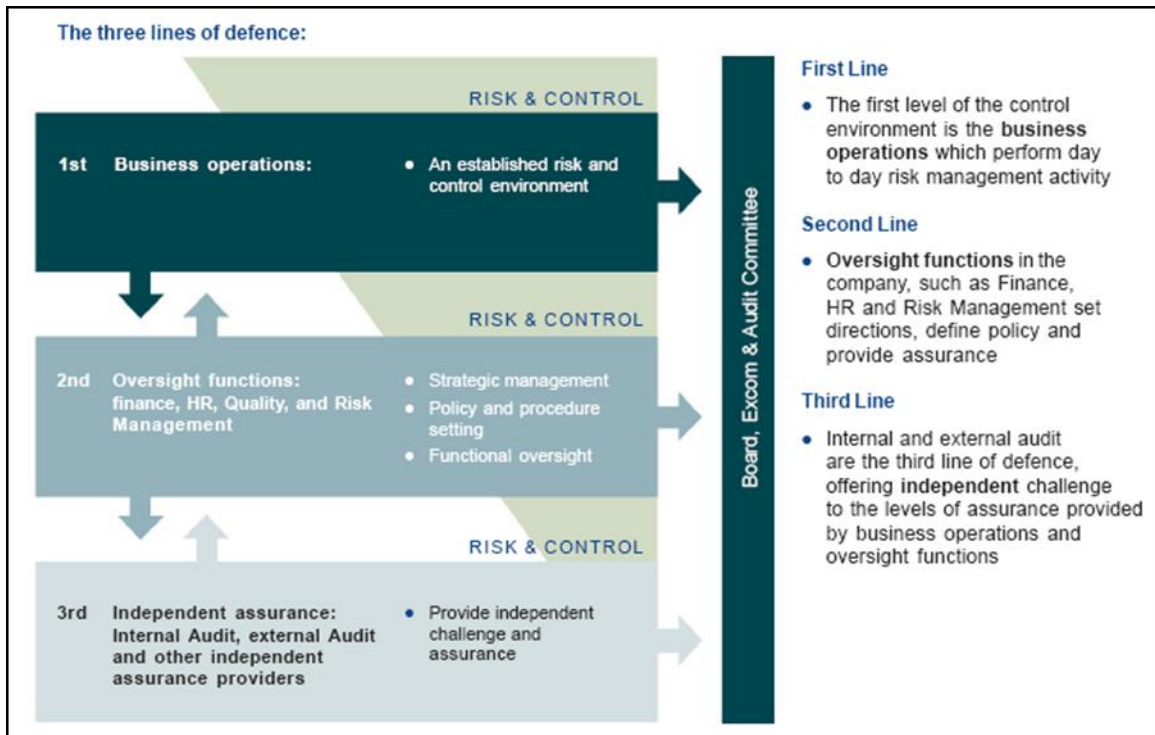
That the Committee:

Notes the current status of the Executive Directors' assurance regime and makes recommendations on any further assurance requirements or actions

Background

1. The Chief Executive and Executive Directors have been asked to provide information on the Council's assurance arrangements. The Committee wishes to:
 - Seek assurance that the Council is maintaining good governance during times of change. The way we operate and deliver services – either directly, with or through other organisations will provide challenges for managing risk, ensuring transparency and demonstrating accountability.
 - Understand how the assurance framework is working through these times of change and associated with the Commissioning Strategies. Particularly the impact on the assurance framework resulting from some of these changes, for example, senior management review, fundamental budget review, service changes. How has this changed the Council's "Three Lines of Assurance"?

Figure 1 Three Lines of Assurance



Conclusion

- To help maintain the Committee's effectiveness it's important that they keep up to date with what's happening within the Council and the public sector. The Committee's discussion with the Corporate Management Board plays a vital role in sharing information and understanding on the issues and risks facing the Council.
- The outcome of these discussions will ultimately help inform the Committees areas of interest for the work plan and the development of the Annual Governance Statement 2016.

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Executive Director Children's Services Briefing Paper
Appendix B	Executive Director Adult Care Briefing Paper
Appendix C	Executive Director Public Health Briefing Paper

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
Lincolnshire County Council Health Protection Programme Assurance Framework 2015 - 2017	

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

This page is intentionally left blank

APPENDIX A

Briefing on Assurance Arrangements in Children's Services for the Audit Committee meeting 23rd November 2015

This paper outlines the governance arrangements in Children Services and aims to provide assurance to the Audit Committee that there are effective governance and risk management arrangements in place.

1 Accountability Arrangements.

The attached illustration outlines the accountability arrangements which are in place in Children Services.

The illustration demonstrates that there is robust political and managerial oversight of all aspects of the service.

The governance arrangements for safeguarding children have been subject to external scrutiny by Ofsted in November 2014. Ofsted confirmed:

A strong senior leadership team ensures that the effective use of resources is ensuring exceptional early help services. There is effective governance in Lincolnshire and partnership arrangements are robust. A recent self-evaluation shows elected members and senior managers have a good overall understanding of the strengths and weaknesses in their work with local communities

Whilst it is recognised that there is considerable transformation of all local governmental services and activities, our internal arrangements and external arrangements provide assurance that effective governance arrangements are in place.

Internal assurance has been obtained through staff consultation, staff surveys and termly staff briefings attended by DMT, extensive case audit programme, regular auditing and performance monitoring as well as case reviews.

2 Risk management.

It is recognised that safeguarding children is a strategic risk for the Council and consequently, safeguarding children remains on the strategic risk register

It is reassuring that the Ofsted inspection confirmed that Lincolnshire Children's Services are good with adoption being outstanding with good arrangements to manage risk.

There has been considerable national attention to the sexual exploitation of children and so it is appropriate that the service was asked to provide assurance to the

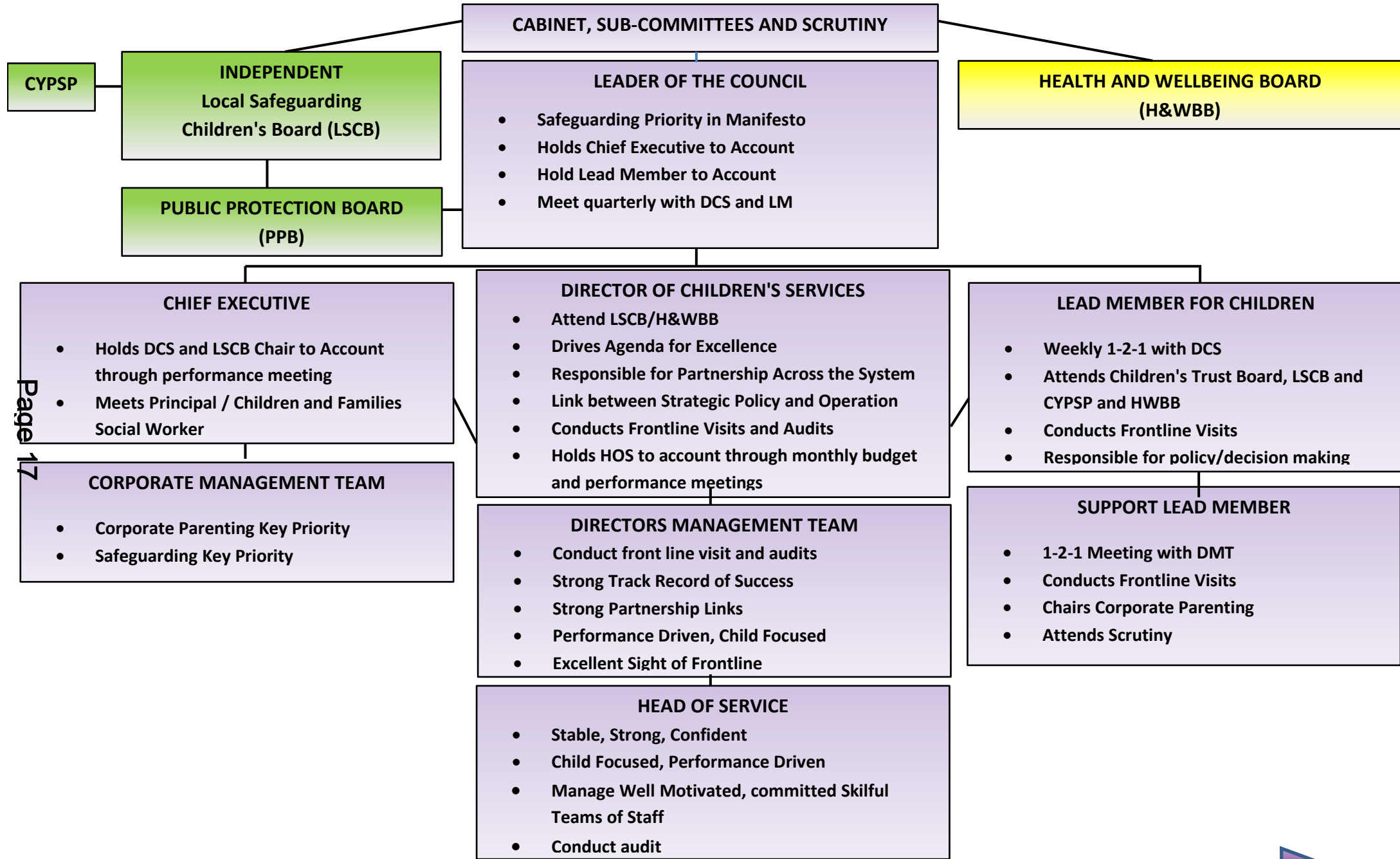
Executive on this issue. A problem profile, action plan and progress report was presented with Executive being assured that this risk is being effectively managed.

The most significant issue of risk which the service is facing is the budget reductions facing local government. Although safeguarding children is a council priority, the service is demand led and there is increasing demand being placed on safeguarding services. Maintaining preventative service is essential to reduce demand on statutory services, but this is a challenge in an environment of reducing budgets.

The other risk which needs to be highlighted relates to school performance. Local Authorities retain a statutory duty to ensure that there is a sufficient supply of good education places. However, the creation of an autonomous school system through the academy programme, means that the council retains accountability for all schools and academies but can only influence academies performance. In addition, the Council isn't funded to support the performance of academies despite the accountability it has for good school places. The LA can also be subject to an Ofsted inspection in relation to its school improvement. To minimise this risk, Children Services has established a sector led approach to school improvement through the Lincolnshire Learning Partnership. This new approach aims to engage all schools and academies to work together to ensure that no school is left behind so all children achieve their potential.

In summary, Children Services are confident that there are robust arrangements in place so risk is managed appropriately and governance is effective.

DCS Leadership and Accountability Structure



Page 17



CONTINUOUS IMPROVEMENT IN OUTCOMES FOR CHILDREN

Arrangements for Governance, Quality Assurance and Risk Management in Adult Care

The attached illustration outlines the accountability arrangements which are in place in Adult Care Services.

The illustration supports the premise that robust political and managerial oversight of Adult Care is in place. In addition external checks on the veracity of these arrangements have been and will continue to be undertaken by internal Audit and through the national approach to peer reviews of Adult Care – what is termed 'Sector Led Improvement'. Bespoke reviews of key areas of activity are planned in on an ongoing or ad hoc basis – such as data protection or our approach to Court of Protection cases (by the Office of the Public Guardian).

Adult Care also has a small dedicated Quality Assurance Unit that reviews areas of service (eg. home care) and related activity (eg. the transfer of services from one provider to another/new service provider) on an ongoing basis.

The recent Audit report of Adult Safeguarding is provided here.



Safeguarding
Internal Audit Final Di

Members will be aware of the increasingly challenging financial environment within which the service is operating and that there has been and continues to be considerable transformation of Adult Care. Notwithstanding these pressures our internal and external arrangements provide assurance that effective governance arrangements are in place.

A Quality and Safeguarding Board attended by all DMT Members and chaired by the DASS with representatives from the Commercial Team provides regular oversight of these key activities and a clear focus uncluttered by the day to day business of running Adult Care. Regular Performance reports, monthly quality audits of fieldworkers case files organised by the dedicated 'Lead Professional' provides assurance that individual workers are operating safe, effective assessments, support plans and reviews.

Probity, financial sustainability and ensuring a supply of quality services are equally high profile matters for Adult Care in an environment where 92% of the total Adult Care budget is externally commissioned activity supporting 23,000 of the most vulnerable adults in the County. Accordingly these are identified as significant risks. The health of the 'social care market' is reviewed on an almost daily basis through our brokerage function, the corporate Commercial Unit, quality assurance and safeguarding teams. These activities are co-ordinated to ensure a whole picture is reported regularly on market supply and quality which includes the CQC (the national regulator), infection control nurses (employed by Public Health colleagues) and quality nurses employed by the 4 CCGs.

Additionally, NHS England Chairs a Quality Surveillance Board (QSB) which monthly meets to consider both health and social care provision in Lincolnshire that both the DASS and DPH attend on behalf of the Council. A web-based software programme brings all these information sources together to form a complete and comprehensive picture that also provides predictive capacity to identify providers that may not be sustainable.

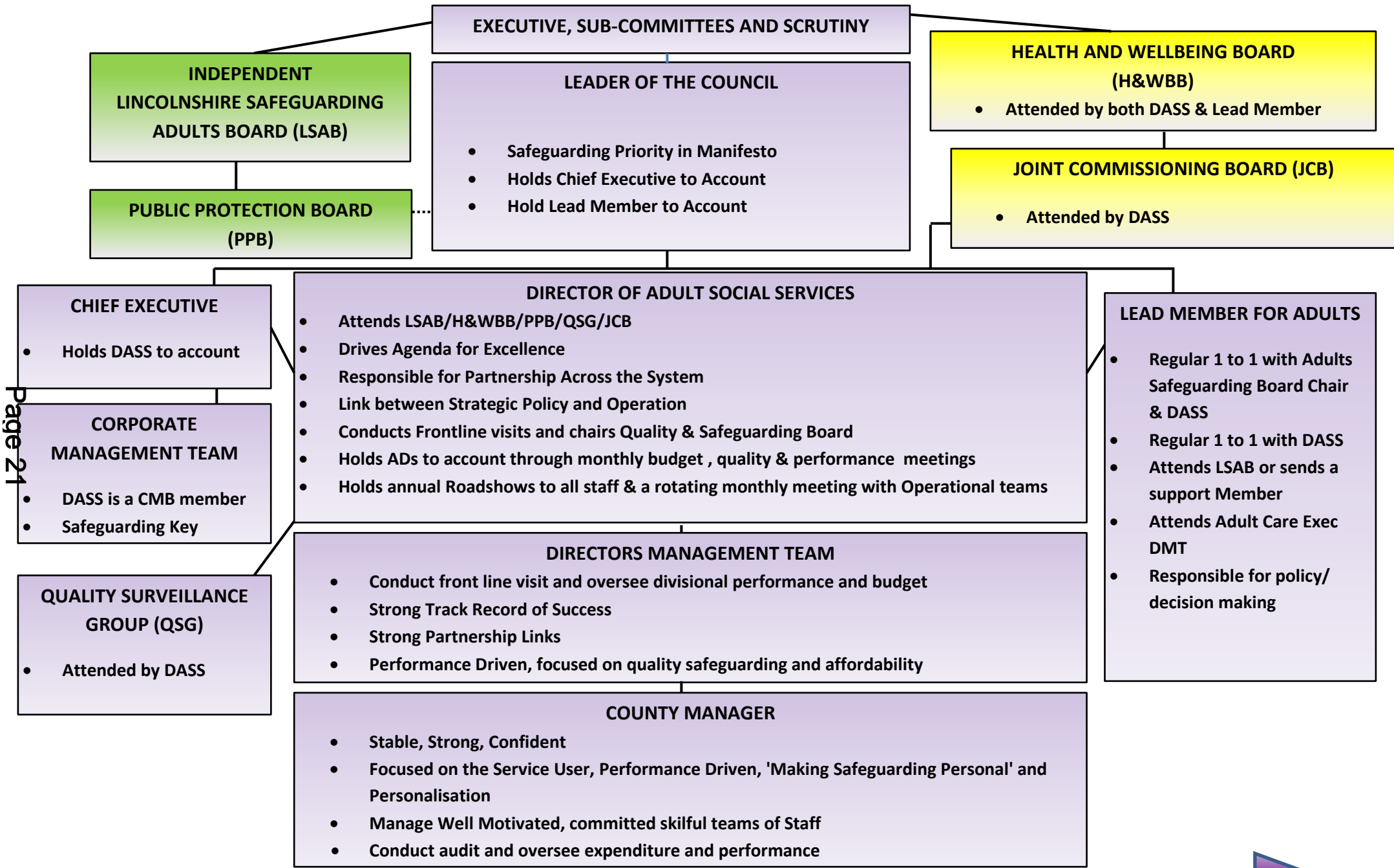
The most significant issue of risk which the service is facing is the budget reductions facing local government. Although Adult Safeguarding and quality of services are Council Priorities having seen a level of financial protection in the last 2 years, the service is demand led and there is increasing demand arising primarily from demographic pressures. Maintaining preventative service – 'demand management' is essential to reduce future pressures on statutory services, but this is a challenge in an environment of reducing budgets.

In summary, Adult Care is confident that there are robust arrangements in place so risk is managed appropriately and governance is effective. This does not mean further improvements will not be needed or identified and this process is underway given the changing and challenging context in which we operate. One example of further improvements is the work to create a Lincolnshire safeguarding hub across health, children's, adults and the police which will strengthen information exchange and support co-ordinated responses.

So, a strong base but one that will never be finished.

Glen Garrod

DASS Leadership and Accountability Structure



EXECUTIVE, SUB-COMMITTEES AND SCRUTINY

INDEPENDENT LINCOLNSHIRE SAFEGUARDING ADULTS BOARD (LSAB)

PUBLIC PROTECTION BOARD (PPB)

LEADER OF THE COUNCIL

- Safeguarding Priority in Manifesto
- Holds Chief Executive to Account
- Hold Lead Member to Account

HEALTH AND WELLBEING BOARD (H&WBB)

- Attended by both DASS & Lead Member

JOINT COMMISSIONING BOARD (JCB)

- Attended by DASS

DIRECTOR OF ADULT SOCIAL SERVICES

- Attends LSAB/H&WBB/PPB/QSG/JCB
- Drives Agenda for Excellence
- Responsible for Partnership Across the System
- Link between Strategic Policy and Operation
- Conducts Frontline visits and chairs Quality & Safeguarding Board
- Holds ADs to account through monthly budget, quality & performance meetings
- Holds annual Roadshows to all staff & a rotating monthly meeting with Operational teams

CHIEF EXECUTIVE

- Holds DASS to account

CORPORATE MANAGEMENT TEAM

- DASS is a CMB member
- Safeguarding Key

LEAD MEMBER FOR ADULTS

- Regular 1 to 1 with Adults Safeguarding Board Chair & DASS
- Regular 1 to 1 with DASS
- Attends LSAB or sends a support Member
- Attends Adult Care Exec DMT
- Responsible for policy/decision making

DIRECTORS MANAGEMENT TEAM

- Conduct front line visit and oversee divisional performance and budget
- Strong Track Record of Success
- Strong Partnership Links
- Performance Driven, focused on quality safeguarding and affordability

QUALITY SURVEILLANCE GROUP (QSG)

- Attended by DASS

COUNTY MANAGER

- Stable, Strong, Confident
- Focused on the Service User, Performance Driven, 'Making Safeguarding Personal' and Personalisation
- Manage Well Motivated, committed skilful teams of Staff
- Conduct audit and oversee expenditure and performance

Page 24



CONTINUOUS IMPROVEMENT IN OUTCOMES FOR VULNERABLE ADULTS & CARERS

Public Health Briefing Paper on Assurance Arrangements for the Audit Committee Meeting on 23rd November 2015

1. Background

The Director of Public Health (DPH) has a statutory responsibility for the strategic leadership of health protection within the Council. The DPH also has a professional responsibility to ensure that appropriate (clinical) governance processes are in place within the public health team. Finally, as a responsible commissioner, the Council needs to ensure that robust assurance mechanisms are in place for commissioned services. Within the PH area, these functions are carried out largely through the Health Protection Board and the Assurance and Governance Board.

2. Health Protection Assurance

The assurance of the health protection function is the statutory assurance requirement. The DPH, on behalf of the Council, should be absolutely assured that the arrangements to protect the health of their local communities are robust and are implemented appropriately. In this context, health protection encompasses Infection Prevention and Control (IPC), Emergency Preparedness Resilience and Response (EPRR) and immunisation and national screening programmes commissioned by NHE England. Assurance of these functions is achieved through a specific health protection assurance framework which has recently been re-drafted following a review by the Council's audit team – **The Lincolnshire County Council Health Protection Programme Assurance Framework 2015 – 2017**. The Council's Health Protection Board and the work of the Local Health Resilience Partnership, both chaired by the DPH, contribute to the assurance process and provide a means to escalate issues which cannot be addressed locally.

3. Assurance and Governance Board

The Public Health Assurance and Governance Board provides a mechanism to put systems and processes in place to meet the public health team's internal governance processes; the first party assurance of those processes; and the assurance of commissioned services. The broad membership, which includes the Council's audit team and the CCGs' federated quality function, ensures that appropriate links relating to, amongst other areas risk, the quality of providers who provide services to both the CCGs and the Council, and significant event reporting (for healthcare providers) are made and information shared appropriately.

The adaptation and development of the Council's quality assurance framework to meet the needs of commissioned public health services has been a key piece of work over the last 12 months and this now better reflects assurance across the 3 areas of healthcare quality – safety, effectiveness and patient involvement. The work programme focuses on areas of higher risk or where processes are still evolving following the transfer of the public health function into the Council.

4. Conclusion

The arrangements in place within the Public Health team provide the mechanism to identify areas where there are gaps in systems and processes relating to both internal governance arrangements and assurance. This is an evolving area of activity in which strong links with CCGs have been particularly valuable in assisting the Council in meeting both the statutory and corporate assurance requirements.

Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director Finance & Public Protection

Report to:	Audit Committee
Date:	23 November 2015
Subject:	Counter Fraud Progress Report to 31 October 2015

Summary:

This report provides an update on our fraud investigation activities and information on progress made against our counter Fraud Work Plan 2015/16.

Recommendation(s):

To note the outcomes of our counter fraud work and identify any actions it requires.

Background

This report provides an update on the progress made against the Counter Fraud Work Plan 2015/16, including our investigation activities. Details can be found in Appendix A, including:

- Key messages
- Proactive work
- Investigations
- Progress against plan
- Other matters of interest
- Counter Fraud Work Plan 2014/15

Conclusion

We have made good progress against the work plan for 2015/16. We are currently involved in ongoing work in a number of key fraud pro-active areas and have carried out extensive work on fraud awareness with various stakeholders.

We have received six fraud referrals since April 2015 – we currently have four live cases and two which are now concluded. More information can be found on pages 5 to 7. We continue to target areas of high fraud risk – this is demonstrated by our ongoing work to raise awareness of social care fraud. Furthermore, we are currently involved in delivering a pro-active exercise to raise awareness and identify potential cases of procurement fraud. The CIPFA Counter Fraud Centre

recently issued guidance 'Managing the risk of procurement fraud' and this reiterated the view that this is the large single area of financial loss to fraud (estimated at annual cost of £876m).

This progress report is designed to provide the Committee with information which enables it to:

- confirm the Council's Counter Fraud arrangements are targeted and effective
- assess whether appropriate progress has been made against the approved work plan, and
- ensure lessons have been learnt, that there is an understanding of the fraud risks facing the Council and that actions are being taken to reduce the risk

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 Progress 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 Progress Report



Date: November 2015

Contents

	Page
Introduction	1
Key Messages	1 - 2
Proactive Counter Fraud work completed from April to October 2015	2 - 5
Investigations update	5 - 7
Progress against plan	7
Other Matters of Interest	7 – 8
Appendices - Counter Fraud Work Plan / status update	9 - 13

Contact Details:
Lucy Pledge CMIIA
Head of Audit & Risk Management



County Offices, Newland, Lincoln, LN1 1YG
☎:01522 553692 ✉ lucy.pledge@lincolnshire.gov.uk

Introduction

1. The purpose of this report is to:

- Provide an update on our fraud investigation activities
- Report on progress against our Counter Fraud Work Plan 2015/16

Key Messages

Pro-active Work

2. We are making good progress against our 2015/16 pro-active work plan, in particular:

- We have met with contract management leads and are currently undertaking a programme of fraud awareness sessions with Procurement Lincolnshire officers and devolved contract teams – these are aimed at addressing procurement fraud risks
- Update of the Council's fraud risk profile is at an advanced stage
- We have continued to promote fraud awareness and counter fraud activity through various media channels

3. We have made significant progress on 2 of the 3 areas carried forward from the 2014/15 Counter Fraud Work Plan – work is currently ongoing to update the Council's fraud risk profile and the pro-active counter fraud review of procurement and contracts has commenced.

4. We have almost completed our analysis of the data matches arising from the 2014/15 National Fraud Initiative and have already made recoveries across several areas. Our work on this exercise has also highlighted some system weaknesses and we have been able to liaise with the relevant teams to improve data quality and to ensure controls are in place to mitigate risks. We are also conducting ongoing enquiries into several further overpayments.

5. The Lincolnshire Counter Fraud Partnership (consisting of Lincolnshire County Council and all seven district councils) has been fully operational since May 2015. The priorities of the Principal Investigator appointed to oversee and deliver the project are guided by the comprehensive work plan in place. The projects agreed have already realised some significant savings and further bids have been invited. Work is ongoing to update risk profiles of the partner authorities involved and arrangements are being made to hold a joint training event on procurement fraud for relevant officers across all partners.

Investigations

6. We have received 6 suspected fraud referrals since April 2015:

- 2 cases involved preliminary enquiries only (insufficient evidence of fraud to proceed)
 - 2 cases have been referred to our Blue Badge Team to assess whether individuals have been using the scheme legitimately
 - 2 live cases – one of these may be referred to the Police once more evidence has been gathered
7. There has been progress in a case from 2012 involving a bank mandate fraud against the Council. The trial of the defendants involved is due to commence on 16th November at Liverpool Crown Court. The alleged offences to be heard include money laundering and fraud by misrepresentation.

Counter Fraud Pro-active Work

Fraud Awareness

8. In conjunction with the Lincolnshire Counter Fraud Partnership we have recently succeeded in achieving considerable coverage across local media. The main focus of the campaign has been around our aim to provide a county wide anti-fraud response and to improve understanding of how fraud issues and concerns can be reported. We have issued press releases directed at both internal and external stakeholders to promote fraud awareness.
9. We have used various media channels to promote an anti-fraud culture with stakeholders. For employees and partners, we have issued regular bulletins and press releases on both general and targeted fraud themes – these are designed to reach all Council staff including schools. We are working closely with teams where there are known fraud threats. For example, the Serco Masterdata team now notify us if they become aware of any attempts to falsely change bank account details (mandate fraud) – we then share this intelligence with District Councils to maximise awareness.
10. To build understanding with a wider audience across Lincolnshire we have promoted our drive to prevent and detect fraud through interviews on local radio stations and social media platforms. We are aware that our recent article in County News prompted a significant response through the increased amount of calls to our Whistleblowing line.
11. The annual cost of procurement fraud to local government continues to be estimated at £876m – it is thought this equates to 1% of procurement spend. With this in mind, we have been increasing our efforts to identify and prevent procurement fraud at the Council. The initial stage of our pro-active exercise in this area has been to engage contract leads to understand the particular fraud risks in the procurement and contracts that they deal with. This has enabled us to tailor fraud awareness sessions to the various teams. We have delivered several presentations of this nature and plan to cover all devolved teams and Procurement Lincolnshire during 2015/16.

12. We are also liaising with Procurement Lincolnshire and the devolved contract teams to ensure our anti-fraud and whistleblowing promotional material (including posters and leaflets) are distributed to contractors.
13. The Lincolnshire Counter Fraud Partnership is leading on awareness and promotional work across the county, over the coming months – this will include 'pop-up' displays in reception areas and implementing a flexible fraud e-learning module for Council employees. This will link to the Audit Lincolnshire microsite which will be developed as a central point for fraud information. We are also finalising arrangements for a county wide training event on procurement fraud involving participants from district councils, Council commissioning teams and schools.

National Fraud Initiative (NFI)

14. Our review of the data matching reports provided as part of the National Fraud Initiative (NFI) 2014/15 is almost complete with only ongoing queries remaining to be addressed. To date we have recovered over £18.5k. There is further recovery potential of up to £35k on the outstanding cases that we continue to pursue. This is an increase on the amount recovered (£16k) in the previous exercise in 2012/13.
15. Our approach to the NFI matches is to prioritise those reports where we have achieved the highest recoveries in past exercises. This has again proved to be successful although we have also made recoveries in areas included in the initiative for the first time e.g. Personal Budgets. So far we have made the following recoveries:
 - Pensions – in one case we have recovered £2.3k relating to payments made after a pensioner's death. We are pursuing a further 3 potential cases totalling £9.4k
 - Private Residential Care Homes – 2 cases where payments continued after the resident's death. Over £10.5k was recovered from the residential home
 - Personal Budgets (Direct Payments) – £1.1k where a recipient had died but payments continued to be made. We are currently pursuing a further case where overpayments were made – as the representative has failed to provide evidence of use, a debtor invoice of £25.9k has been issued
 - Creditor payments – duplicate payment £4.2k

We have not identified any evidence of fraud in respect of the cases noted above.

16. We have also been able to instigate system improvements to help prevent further fraud, error or overpayment occurring in future. For example:
 - a pensioner's occupational pension payments ceased after their death was reported – yet the incremental pension payment (administered by another team) continued. Both teams now share death / change of circumstance data to reduce the risk of future overpayments.

- when reviewing Personal Budget against Housing Benefit we noted that some financial assessments were out of date – the administrative team now ensure all financial assessments are current

Targeted Pro-active Fraud Work

17. Payroll – we used data analysis techniques on 2014/15 payroll data to identify outliers, unusual patterns or individual transactions for validation and/or investigation. We found no evidence of fraudulent activity. We are currently reviewing honoraria payments made during this period. Due to the introduction of Agresso, we have so far been unable to analyse the payroll data for 2015/16 – we intend to deliver this work in Quarter 4.
18. Procurement – work is currently underway in this area, based on recent guidance issued by CIPFA "Managing the Risk of Procurement Fraud".
19. To complement the programme of sessions to develop awareness within contract teams, we are also using data analytical techniques to identify contracts for further review. We have also identified key areas of fraud risk through discussion with contract leads – this intelligence has helped focus our efforts and resources. We also plan to liaise with contract teams to gain access to supplier records to help strengthen our response to procurement fraud.

Lincolnshire Counter Fraud Partnership

20. Progress is being made in key areas of the partnership's Work Plan. These include:
 - Establishment of fraud networks – this work is helping develop a greater understanding of fraud risks facing the partner authorities, sharing of best practice and transfer of fraud intelligence across Lincolnshire
 - Developing an overarching Communications Plan. The initial communications since the Partnership was created have included press releases, radio interviews and articles. County wide publicity is generating an increased response to the Lincolnshire Authorities Fraud hotline – issues reported include Housing and Blue Badge Fraud
 - A county wide fraud risk register is also being developed. The outcomes from this risk assessment work will help prioritise areas for future pro-active counter fraud work. Fraud risk workshops are currently being held with district councils to establish registers specific to each partner
 - Fraud 'health checks' using the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. Our initial assessment suggests further work is required within all partner authorities to strengthen arrangements.
21. Current projects designed to detect fraud and error include:
 - Council Tax Single Person Discount (SPD) – at 30th October 2015 this project has generated net 'savings' of £564k. In addition, 342 penalties have been imposed and 2253 discounts have been removed

- A pilot to address Council Tax reduction fraud within partner authorities has so far realised £37k in savings and identified 22 cases where fixed penalties have been imposed

22. These projects were approved, funded and implemented through the Partnership. We believe the initial results are encouraging and demonstrate the value in joint working across partner authorities and the potential for long term sustainability of the partnership.

Investigations

23. The Council has 2 fraud cases with the Police:

- 1 x mandate fraud (£291k)

This case arose in 2012 – Merseyside Police are leading this case which includes fraud and money laundering. Three individuals have been charged and the latest information indicates that the case is due to be heard at Liverpool Crown Court from 16th November.

- 1 x Abuse of Power of Attorney responsibilities (estimated £119k)

This case was referred in 2014/15 following our awareness campaign around the risks of social care fraud. The Council's Adult Safeguarding Team expressed concerns that an individual was being financially abused by the individual acting as Power of Attorney. We worked with Serco's Court of Protection Team and the Office of the Public Guardian (OPG) to ensure progress. The case has been referred by Lincolnshire Police to the Crown Prosecution Service for consideration of criminal charges against the alleged perpetrator.

24. We have received 6 suspected fraud referrals since April this year – 2 of which required preliminary enquiries only:

- Misappropriation of monies at a Council establishment – the evidence is insufficient for a criminal prosecution due to the standard of cash receipting records and poor security arrangements. We recommended these issues be addressed as a matter of priority and have escalated it to the Council's Finance Team for action. Outcome – management action.
- Alleged fraud by service provider – a parent of a service user raised concerns that a provider was committing fraud against the Council by not supplying the required level of service. Our enquiries found no evidence to support the allegation but we did find administrative errors in the billing arrangements – these have since been rectified by the provider.

25. We currently have 4 live cases – we intend to refer one of these to the Police and the DWP are currently actively investigating another case:

- Employee mileage claim irregularities

This matter is being investigated under the Council's disciplinary process. The investigation report has been completed and is due to be presented to a disciplinary hearing in November. There is insufficient evidence to be able to pursue a criminal prosecution in this matter

- School – suspected financial mismanagement

This case has been investigated under the disciplinary process. The main financial issues included: potential misuse of school assets, misappropriation of income and irregularities regarding staff appointments, pay and expenses. The evidence is not sufficient to meet the requirements for a criminal case. A disciplinary hearing is pending.

- Direct payment – suspected provision of false information to secure ongoing payments

This case involves a direct payment recipient that has supplied information that we believe may be false. The individual has now moved from Lincolnshire therefore payments have ceased – we have issued a debtor account to recover the monies. We also plan to make a police referral following the receipt of more information.

- Suspected exaggeration of health condition to secure care from the Council

This case was referred as a result of our fraud awareness work in 2014/15 with social care teams. A team manager raised concern that a service user may be falsely representing the extent of their health condition – consequently they may be receiving a higher level of care than is necessary. No payments are involved in this case but there is the financial impact as the Council is providing the care. We are currently liaising with the Department of Work and Pensions (DWP) as they suspect a similar fraud may have been committed against them

26. We continue to receive and make enquiries into several cases relating to potential financial abuse against individuals (social care). These cases tend to involve several stakeholders and can be highly complex in terms of obtaining information. However, we continue to work with the relevant Social Care and Safeguarding teams to ensure progression of cases where appropriate.

Progress Against Plan

27. The Counter Fraud Work Plan at Appendix A provides summary information on progress against plan – much of our work is on-going. We are, however, making good progress and our achievements to date are detailed in points 8 to 23 above.

Other Matters of Interest

CIPFA Counter Fraud Centre

28. The CIPFA Counter Fraud Centre (CCFC) was launched in July 2014 with the aim of leading and co-ordinating the fight against fraud and corruption across the public services. In recent months we have seen the CCFC become more prominent issuing guidance, training opportunities and tools to aid counter fraud specialists.

29. In response to the high risks posed by Procurement Fraud to the public sector, guidance entitled 'Managing the Risk of Procurement Fraud' was issued in June 2015. Previously, there has been little guidance in this area – this document is aimed at procurement managers, counter fraud specialists and finance managers and covers the main fraud risk areas as well as the controls expected to mitigate such risks. We have distributed the document to Procurement Lincolnshire and the devolved teams within the Council responsible for contract management. We have also used the guidance as a basis for our pro-active work and awareness sessions with these teams.

30. Further developments include:

- Fraud and Corruption Survey – we were required to submit details for this process in July 2015. The data provided by participants in the survey will be released shortly by the CCFC
- A Code of Practice on Managing the Risk of Fraud and Corruption was previously developed and published by the CCFC (this was noted in previous progress reports). This document identified key principles and actions. The Centre has now issued an Assessment Tool to help authorities measure themselves against the Code. This is also designed to link into the Annual Governance Statement and will aid future benchmarking. We are confident that we comply with many of the key areas within the Code.

We are currently considering subscribing to the CIPFA Counter Fraud Centre – this will allow us access to further counter fraud tools, alerts and case studies to help guide our counter fraud response.

Midlands Fraud Group

31. We continue to lead the Midland County Fraud Group. This group is a useful network that allows members to share fraud and investigation intelligence and case studies, not only at our six monthly meetings but also as issues arise.

END OF REPORT

Counter Fraud Work Plan 2015/16

Appendix A

Area	Indicative Scope	Planned Days	Start Date	End Date	Status
Anti Fraud Culture					
Raising Awareness	Briefings sessions Training for members, management, staff, key partners (general and specific fraud areas)		April 2015	March 2016	Briefing sessions focused on procurement fraud. Procurement Fraud training arranged for February 2016.
Engagement and Training	Updates – risks, results and information Newsletter - awareness		April 2015	March 2016	Regular updates across media channels – press releases, County News, daily staff bulletins
Website development and maintenance	Develop e-learning and microsite (Audit Lincolnshire)		April 2015	March 2016	Microsite currently being updated
Sub Total		30			
Deterrence					
Promotion of counter Fraud Activity	Investigation outcomes and learning points		April 2015	March 2016	Action plans produced following all

Area	Indicative Scope	Planned Days	Start Date	End Date	Status
	Publicising key issues and fraud prevention measures				investigations Ongoing – regular promotion aimed at deterring fraud
Sub Total		10			
Prevention					
Organisational learning	Reports and action plans		April 2015	March 2016	Ongoing – action plans produced following all investigations
Use of data analytics	Use of data analysis within pro-active counter fraud exercises		April 2015	March 2016	Data analysis used on a regular basis – payroll, honoraria and procurement
Advice	Enhancing fraud controls and process – new and existing systems		April 2015	March 2016	Ongoing - provided when required
Sub Total		40			
Detection					
Update Fraud Risk Profile	Fraud risk assessment work		April 2015	June 2015	Ongoing – main areas of risk now identified

Area	Indicative Scope	Planned Days	Start Date	End Date	Status
Pro-active counter fraud exercises	Review of contracts and procurement using data analysis, intelligence and liaison with contract teams		July 2015	September 2015	Ongoing – met with contract leads to identify potential fraud risks. Awareness sessions delivered to devolved teams (with others arranged) Data analysis to identify contracts for closer scrutiny
National Fraud Initiative 2014/15	Review and analysis of matches identified in NFI process (prioritising areas where recoveries can be made or where higher risk)		April 2015	June 2015	Work almost completed with enquiries ongoing into several outstanding cases. Over £18k recovered to date – additional £35k recovery potential
Lincolnshire Counter Fraud Partnership	Co-ordination of the joint group devised from DCLG funding – oversight and development		April 2015	March 2016	Work ongoing against Work Plan

Area	Indicative Scope	Planned Days	Start Date	End Date	Status
Midlands Fraud Group	Hosting and co-ordination of Midlands Fraud Group meetings		July 2015	July 2015	Meeting hosted in July 2015
			January 2016	January 2016	Further meeting to be held in January 2016
Sub Total		170			
Investigation					
Whistleblowing and Fraud Investigation	In line with investigation manual and recommended best practice		April 2015	March 2016	On-going
Sub Total		300			
Sanctions and Redress					
Pursue civil, disciplinary and/or criminal sanctions	Action taken during investigation process		April 2015	March 2016	On-going
Sub Total		5			
Contingency					
Sub Total		65			
Grand Total		650			

Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director Finance and Public Protection

Report to:	Audit Committee
Date:	23 November 2015
Subject:	Risk Management Progress Report - November 2015

Summary:

The role of the committee is to gain assurances that the Council is effectively managing its key risks and has good risk management systems and processes in place that enable decision makers to understand the level of risk being taken and the Council is prepared to accept.

There have been no big surprises for the Council where it suffered significant financial loss or reputation.

In addition the Committee have responsibility to monitor effective development and operation of risk management and corporate governance in the Council.

This report assists the Committee in fulfilling that role, by providing an update on how well the Council's biggest risks are being managed as well as reporting on the progress made in assisting the Council to adapt and change the way it 'thinks' about risk.

Recommendation(s):

That the Committee notes the current status of the strategic risks facing the Council and make recommendations on any further scrutiny required.

Background

As part of the on-going review and oversight of the Strategic Risk Register, there have been regular updates from the risk owners in obtaining assurances that the strategic risks are being managed effectively.

During the past few months we have undertaken a review of our strategic risks taking into account of any 'operational' risks.

The Risk Management Progress Report, which can be found in Appendix A, provides the Committee with updates on key messages received over the past 8 months since the last report in March 201

Conclusion

Overall, the council's strategic risks continue to be managed pro-actively. There is a good level of awareness of the current and emerging issues, with positive action being taken where appropriate.

Given the scale and significance of the changes facing the Council further work is required to ascertain and review the Council's risk appetite going forward.

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Risk Management Progress Report - November 2015

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 Debbie Bowring, who can be contacted on 01522-553772 or debbie.bowring@lincolnshire.gov.uk.

Risk Management Progress Report

Contents

	Page
Introduction	1
Key Messages	1
Update on the Strategic Risk Register	2-4
Assisting the Council to develop a culture of being “creative & aware of risk”	4-7
Looking forward in risk management	7
Appendices	
Appendix 1 – Directorate top 5 risks as at 30 th September 2015	9- 10
Appendix 2 – Strategic risk register	11

Contact Details:
Debbie Bowring



County Offices, Newland, Lincoln, LN1 1YG
☎:01522 553772 📧 debbie.bowring@lincolnshire.gov.uk

Introduction

- The purpose of this report is to provide an update on:
 - the key strategic risks facing the Council
 - the activities being undertaken to support the Council in developing a culture of being 'Creative & Aware of Risk'¹.

Key Messages

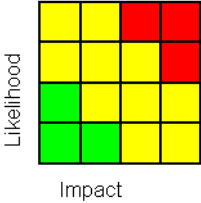
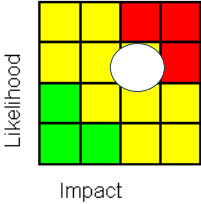
Strategic risk register

- Over the past couple of months, we have undertaken updates from the various risk owners against the strategic risks to gain an assurance that these are being managed effectively.
- Our Strategic Risk Register includes 11 risks – these are;

Risk	Current Risk	Assurance
Safeguarding – Safeguarding Children		Substantial
Safeguarding – Safeguarding Adults		Limited
Resilience (Business Continuity) – Capacity & resilience to responding to, and recover from, wider area and prolonged emergencies and business disruption (e.g. coastal flooding / pandemic flu) impacting on public safety, continuity of critical functions and normal service delivery		Substantial

¹ The Council wishes to be creative and open to considering all potential delivery options, with well measured risk taking whilst being aware of the impact of its key decisions.

Risk	Current Risk	Assurance
Market Supply Adult Care – Adequacy of market supply to live within budget	<p>A 4x4 grid with 'Likelihood' on the vertical axis and 'Impact' on the horizontal axis. The grid is color-coded: the top-right 2x2 cells are red, the top-left 2x2 cells are yellow, and the bottom two rows are green. A white circle is positioned in the cell corresponding to the 3rd row and 4th column.</p>	Limited
Integration of Health & Social Care Services and the Better Care Fund – Maintaining a viable, safe & sustainable health infrastructure.	<p>A 4x4 grid with 'Likelihood' on the vertical axis and 'Impact' on the horizontal axis. The grid is color-coded: the top-right 2x2 cells are red, the top-left 2x2 cells are yellow, and the bottom two rows are green. No white circle is present.</p>	No longer a risk
Projects – Ability to deliver our major designated projects	<p>A 4x4 grid with 'Likelihood' on the vertical axis and 'Impact' on the horizontal axis. The grid is color-coded: the top-right 2x2 cells are red, the top-left 2x2 cells are yellow, and the bottom two rows are green. No white circle is present.</p>	Substantial – score to be determined
Budget – LCC – Funding and maintaining financial resilience	<p>A 4x4 grid with 'Likelihood' on the vertical axis and 'Impact' on the horizontal axis. The grid is color-coded: the top-right 2x2 cells are red, the top-left 2x2 cells are yellow, and the bottom two rows are green. A white circle is positioned in the cell corresponding to the 3rd row and 4th column.</p>	Substantial
Governance – Maintenance of effective governance arrangements including the way we implement transformational change and decisions affecting service delivery	<p>A 4x4 grid with 'Likelihood' on the vertical axis and 'Impact' on the horizontal axis. The grid is color-coded: the top-right 2x2 cells are red, the top-left 2x2 cells are yellow, and the bottom two rows are green. A white circle is positioned in the cell corresponding to the 3rd row and 4th column.</p>	Substantial
Recruitment / Staffing – Ability to recruit & retain staff in high level areas	<p>A 4x4 grid with 'Likelihood' on the vertical axis and 'Impact' on the horizontal axis. The grid is color-coded: the top-right 2x2 cells are red, the top-left 2x2 cells are yellow, and the bottom two rows are green. A white circle is positioned in the cell corresponding to the 3rd row and 4th column.</p>	Limited

Risk	Current Risk	Assurance
Strategic contracts – Ensuring contracts are fit for purpose in the Commissioning Agenda		To be determined
Governance – Effective implementation of the Agresso system to ensure good governance in respect of key Financial and HR systems.		Limited

4. There are still two risks that require assurances to be fully explored. These are:
- Ability to deliver our major designated projects;
 - Ensuring contracts are fit for purpose in the commissioning agenda

Further details on each risk can be found in paragraph 11 – Our strategic risks.

Operational (Tactical) risks

5. The Corporate Risk & Safety Steering Group met on 19th October 2015 and provided an update on the Directorate Risk & Safety Dashboards.
6. The dashboard approach enables the Council to maintain an oversight of its Directorates risk and safety performance. It recognises that there is no single reliable measure of risk and safety performance, opting instead to use a 'basket' of measures to provide information on a range of key risk and safety activities which can be tracked over time to assess overall performance.
7. The 'Risk' element of each dashboard focuses purely on what are considered to be the - biggest (tactical) risks for the 'Directorates'. It also acts as an early warning mechanism for any emerging big risks requiring escalation to the Strategic Risk Register.
8. A summary of each Directorates 'Top 5' risks can be seen in *Appendix 1* from which the following key messages can be drawn:

- Almost all areas have identified having a tactical risk around 'people', e.g. Inability to retain/recruit skilled & motivated staff, a risk which is echoed within the Strategic Risk Register;
- Almost all areas have identified having a tactical risk around 'budget and lack of future finances to deliver services', a risk which is echoed within the Strategic Risk Register;
- There are no tactical risks requiring escalation to the Strategic Risk Register or CMB at the present time.
- All risks have a reasonable level of assurance.

Risk Management – Internal Audit Report – Issued July 2014

9. Following on from the internal risk audit report that was concluded last year, there remains two outstanding actions from this report;

- **Risk in decision making**
This has yet to be completed due to the involvement of other services and the inclusion of other areas within the template
- **Project risk management**
Revised target date for completion is now March 2016

Risk Management strategy and toolkit

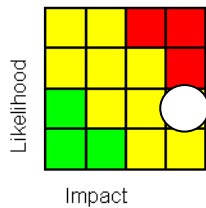
10. We have updated our risk management toolkit to help support effective risk management practice and decision making. Work is now planned for spring / summer to roll out a number of awareness sessions and training programme for both councillors and members. This work is sponsored by the Executive Director – Finance and Public Protection and Executive Councillor – Marc Jones.

Our Strategic Risks

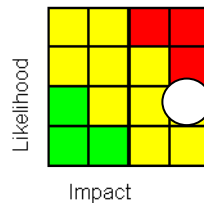
Our strategic risks are as follows;

11. Key areas/risks to note are as follows:

Risk 1: Safeguarding Children – *Substantial assurance*



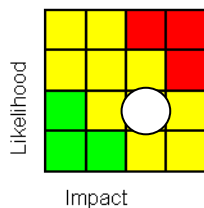
Current risk score



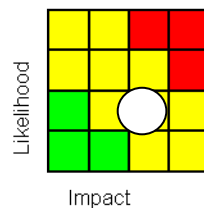
Target risk score

The level of assurance over this risk remains at 'substantial' with the direction of travel continuing at 'improving'.

Risk 2: Safeguarding Adults – *Limited assurance*



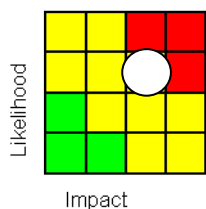
Current risk score



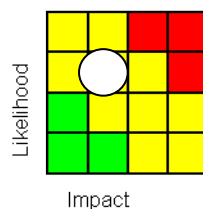
Target risk score

The assurance levels have moved on this risk down to 'limited' assurance due to evolution that adult safeguarding is at.

Risk 3: Good Business Continuity & Resilience – *Substantial assurance*



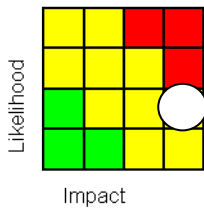
Current risk score



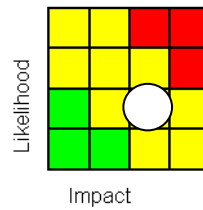
Target risk score

Currently, there is an audit of Business Continuity underway and the outcome of that review shall be fed into the assurance level of this risk once complete.

**Risk 4: Adequacy of market supply to meet eligible needs for adults-
*Limited assurance***



Current risk score



Target risk score

This risk has been affected by the national problem with staff and recruitment. The supply service is drying up with more demand on the service (demand outweighs supply). The risk impact has moved from major to critical.

Risk 5: Integration of Health & Social Care Services and the Better Care Fund

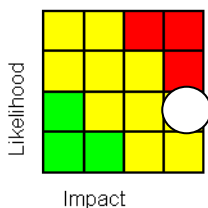
The risk owner has confirmed that the County Council is no longer responsible for this risk as it is now owned by Health.

Risk 6: Ability to deliver our major designated projects – *Substantial assurance*

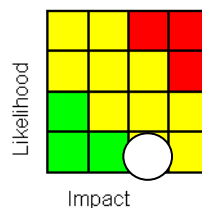
The Council has a number of key projects that impact the successful delivery of its strategic aims and objectives. This risk associated with each project is managed through appropriate project boards.

We have a projects risk register in place and are currently working through this to determine the overall risk exposure. By having this in place, we will have a greater confidence in the assurances of each project.

Risk 7: Funding and maintaining financial resilience – *Substantial assurance*



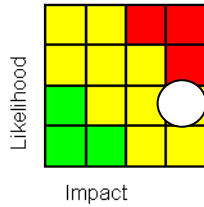
Current risk score



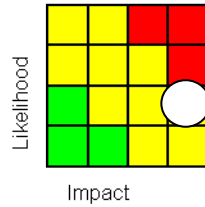
Target risk score

The council acknowledges the significant challenges ahead and there are arrangements in place to manage this risk. More certainty will be known once the council has approved its budgets beyond 2016.

Risk 8: Maintenance of effective governance arrangements – *Substantial assurance*



Current risk score

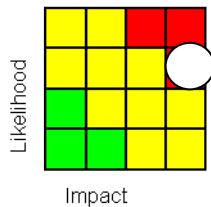


Target risk score

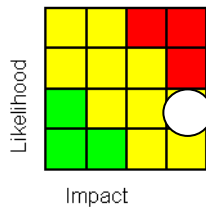
Good governance underpins everything we do as a Council and how we deliver services often comes under close scrutiny.

There have been no movement on the assurance level, direction of travel or scoring of this risk since our last report. The Council's governance arrangements work effectively – the Audit Committee approved the annual governance statement in September 2015.

Risk 9: Ability to recruit & retain staff in high risk areas – *Limited assurance*



Current risk score



Target risk score

The level of assurance over this risk has decreased due to the feedback from directors and the tactical top 5 risks received from the directorates. Many service areas have been subject to review and its not unexpected that staff recruitment and retention is affected.

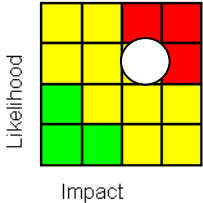
Work is underway to implement a number of new actions of which more details are contained with the strategic risk register.

Risk 10: Ensuring contracts are fit for purpose in the Commissioning Agenda – *Assurance level to be determined*

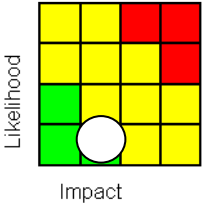
Similarly with the projects risk, we are working with the Chief Commercial Officer and her team to establish a process to provide us

with assurances that our contracts are fit for purpose and being managed effectively.

Risk 11: Effective implementation of the Agresso system to ensure good governance in respect of key Financial and HR systems – *Limited assurance*



Current risk score



Target risk score

This is a new significant risk that has been included on the strategic risk register. The issues relating to the implementation of the Agresso system are well known with oversight by CMB, recovery board and members..

A copy of the updated Strategic Risk Register can be seen in *Appendix 2*.

Looking forward in risk management

The Council continues to respond and adapt to unprecedented change and significant changes. How the Council understands and its risks will play a key role in its future success.

To help support the Council going forward we plan to;

1. Revisit the risk appetite of the Council clearly setting the level of risk the council is willing to take and accept for its activity.
2. Undertake a fundamental review the strategic risk register – ensuring that it is fit for purpose and we have captured the key risks facing the authority. This will align with the Council's business plans / strategies beyond 2016.

APPENDIX 1 - Directorate Top 5 Risks – as at 30th September 2015

Adult Social Care			
No.	RISK	Level of Mgnt Assurance	Escalation Req'd?
1	Transformation agenda (LHAC) & better care fund	Limited	No
2	Staff resilience and business continuity in light of significant change	Limited	No
3	Budget	Substantial	No
4	Adequacy of market supply and ability to manage demand for services to meet eligible needs of adults	Limited	No
6	Safeguarding of adults	Limited	No

Childrens			
No.	RISK	Level of Mgnt Assurance	Escalation Req'd?
1	Safeguarding of children (ensuring our most vulnerable children and young people are safe and protected)	Substantial	No
2	Staff safety	Substantial	No
3	High risk activities - ensuring we are robust in 'non licensed' adventurous activities such as cycling	Substantial	No
4	Building based management	Substantial	No
5	Transport arrangements for vulnerable children	Limited	No

Environment & Economy			
No.	RISK	Level of Mgnt Assurance	Escalation Req'd?
1	Effective governance of major projects	Substantial	No
2	Ability to recruit and retain suitably qualified and experienced staff	Limited	Yes Note (1)
3	Insufficient resources (physical & financial) to match the ambitions and expectations to ensure matched funding opportunities and delivery of major projects of significant environment, economic and infrastructure benefit	Limited	No
4	FDSS out sourcing of CSC and transitional arrangements for support services (e.g. finance & IT). Property impacting on effective and efficient delivery of services.	Limited	Yes Note (2)
5	Significant budget reductions in light of the "whole service review" leading to potential failure of critical services	Limited	No

Public Health			
No.	RISK	Level of Mgnt Assurance	Escalation Req'd?
1	Contract Management	Limited	No
2	Political - working and decision making in a political organisation	Substantial	No
3	Reduction in staff wellbeing and motivation due to continuing changes with ensuring the right skills in place to continue the service provided.	Limited	No
4	Access to and storage/holding of information - sharing with other parties, data protection	Substantial	No
5	Overspend of Coroners Service arising from increasing long inquest payments and cost of assistant coroners	Limited	No

Finance & Public Protection			
No.	RISK	Level of Mgmt Assurance	Escalation Req'd?
1	Inability to recruit & retain skilled staff	Limited	No
2	Insufficient budget to deliver agreed acceptable level of service	Substantial	No
3	Safety of children and adults in and out of county (assessed from a local service perspective)	Substantial	No
4	Compliance with statutory legislation within various services	Substantial	No Note (3)
5	Reputational risk around relationships with external clients	Limited	No Note (4)

- Note 1)** Retention of qualified staff becoming more of an issue as uncertainty continues in some service areas.
- Note 2)** Problems are being experienced with the implementation of Agresso and relocations associated with property review have not been implemented on programme (esp WPH)
- Note 3)** One to watch – this depends on the budget setting and how far we have to go in reducing the service. It could possibly have a knock on effect to statutory requirements.
- Note 4)** Still limited due to the issues with Agresso. Whilst the group accept Agresso is an issue rather than a risk, there are concerns around whether there is risk profiling in place. i.e. the effect its having on fire & rescue and the ability to deal with 999 calls.

APPENDIX 2 – Strategic risk register – As attached with this report

This page is intentionally left blank

Strategic Risk Register

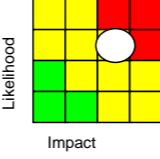
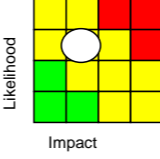
Version: 1.3

Reviewed: September to November 2015 (links to Commissioning Strategies January 2015)

Owner: Tony McArdle: Chief Executive

Commissioning Strategy - Our communities are safe and protected from harm

No of Risk	Risk Owner	Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)	Current risk score	Target risk score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions
1	Debbie Barnes	Safeguarding Safeguarding children	Cautious (Regulatory standing & legal compliance - recognised may need to change the ways we do things are done but will be tightly controlled)			Substantial	Improving	Existing Controls <ul style="list-style-type: none"> • Audit & Performance information to DMT for scrutiny • Safeguarding Assurance days • Independent Chairs - review care plans & quality - act as eyes & ears for DMT • Peer Challenge (East Midlands Group) • Quality Team Manager Audits • Management & investigation of complaints at local level • Childrens Safeguarding Board • Performance Framework for Quality Assurance mechanisms • Practitioner Supervision & Appraisal • Implementation of recommendations from serious case review • Member scrutiny of Social Care • Ofsted Inspection • Signs of Safety • Adoption reform
2	Glen Garrod	Safeguarding Safeguarding adults	Cautious (Regulatory standing & legal compliance - recognised may need to change the ways we do things are done but will be tightly controlled)			Limited	Improving	Existing controls <ul style="list-style-type: none"> • Multiagency Safeguarding Policy & Local Procedures in place • Adults Strategic Safeguarding Board • Virtual intergration between policy, practice & strategy • CQC Information Sharing Meetings • Delivery of Safeguarding training to providers as part of 'Supporting Proprietors - Leadership & Management' programme • Appropriate checks / vetting of staff in 'regulated activity posts' • Investment in staff development agreed with Adult Safeguarding Board (ASB) of £250,000 for 2 years (each year) • Improved performance monitoring to Adult Safeguarding Board (ASB) under development for regular monitoring • Public Protection Board • New quality assurance unit • Lead professional & elite professionals • Serious case reviews • Senior Business Manager appointed to assist Safeguarding Manager and take lead on implementing Peer Challenge Action Plan • Performance Score Card monitored at department level reported to LASAB • Regular Case file Audits system implemented • Domestic Homicide review action plan completed March 2015 • Implementation of Action plan arising from Peer Challenge completed January 2015 • Internal Audit on Safeguarding completed with Substantial assurance New / Developing controls <ul style="list-style-type: none"> • Develop & implement suitable assurance framework for commissioned services (that considers safeguarding) • Develop & implement suitable assurance framework for Personal Budgets (that considers safeguarding)

No of Risk	Risk Owner	Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)		Current risk score	Target risk score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions
3	Pete Moore	Resilience (Business Continuity) Capacity and resilience to respond to, and recover from, wider area and prolonged emergencies and business disruption (e.g. coastal flooding / pandemic flu) impacting on public safety, continuity of critical functions and normal service delivery.	Hungry (Projects & major change - need to be innovative and take higher risks for greater reward - higher levels of devolved authority)	Open & Aware (Partnerships - Recognised that we work differently with different partners)			Substantial	Improving	Existing controls <ul style="list-style-type: none"> Investing in protection and vulnerability reduction (e.g. Boston Barrier) - this refers to the flooding part of the risk Commissioning through effective partnership working (e.g. LRF, LHRP and FR & DM) Flood risk drainage management strategy - this refers to the flooding part of the risk New / Developing Control <ul style="list-style-type: none"> Implementation of Senior Management Command arrangements Retaining sufficient capacity to meet our duties (and fulfil our local authority / FRS roles and responsibilities) as a category 1 responder (under the Civil Contingencies Act) Maintaining organisational / operational competencies (training & exercising) in key roles and functions of command outside our control, multi-agency co-ordination and business recover Reflect and review impacts of organisational change Training and exercise of people in roles of command, business recovery and multi-agency co-ordination including Cygnus Ensure plans are in place and audited Reviewing our preparedness in the event of an emergency, working with partners - looking at joint arrangements with the districts for the LRF and looking at a deal about mutual aid around the region.

Commissioning Strategy - The health and wellbeing of the population is improved, people remain independent for longer and feel responsible and in control of their own future

No of Risk	Risk Owner	Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)		Current risk score	Target risk score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions
------------	------------	------------------	---	--	--------------------	-------------------	--	---	---------

4	Glen Garrod	Market Supply AC Adequacy of market supply to live within budget	Cautious (Regulatory standing & legal compliance - recognised may need to change the ways we do things are done but will be tightly controlled)		Limited	Static	Existing controls <ul style="list-style-type: none"> Continued improved relationships with providers Community support framework Targeted market stimulation - geographic or service based on micro-level according to need and based on good intelligence. Capital strategy in place for next 3 years with funding level and team created Additional resources in Procurement Lincs to improve contract management Homecare rates established and procurement approach agreed Funding for residential care secure Contract register in place Additional investment in community based services with NHS developed Additional funding agreed for 3 years with Executive New / Developing controls <ul style="list-style-type: none"> Develop further diversification of the market, i.e. multiple providers being able to offer multiple services Develop right mix of skills to become a commissioner of services
5	Tony Hill/ Glen Garrod	Integration of Health & Social Care Services and the Better Care Fund Maintaining a viable, safe & sustainable health and social care infrastructure	Cautious (Willing to take risks but prefer to take the 'safe delivery option' - minimising the exposure with tight corporate controls over change)				<ul style="list-style-type: none"> This risk is now to be removed due to the risk being the responsibility of Health and not Lincolnshire County Council.

Commissioning Strategy - Businesses are supported to grow and want to invest in the county; people have the skills and training to access local jobs supported by the right infrastructure and environment

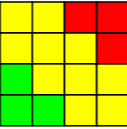
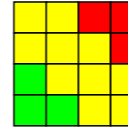
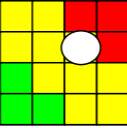
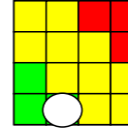
No of Risk	Risk Owner	Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)	Current risk score	Target risk score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions
6	Richard Wills	Projects Ability to deliver our major designated projects	Hungry (Projects & Major change - Need to be innovative and take higher risks for greater reward - high levels of devolved authority - management by trust rather than tight control - 'break the mould' and challenge current working practices)			Substantial	Static	<ul style="list-style-type: none"> We are working with the project leads on a project risk register that will note all the individual current and target scores of each project. Once this is complete, we will be in a position to provide a more accurate score for the overall projects risk.

Commissioning Strategy - We effectively target our resources so that individuals and communities experience the desired benefits and results

No of Risk	Risk Owner	Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)	Current risk score	Target risk score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions

7	Pete Moore	Budget - LCC Funding and maintaining financial resilience	Open & Aware (Finance & money - No surprises - prepared to invest for reward and minimise the possibility of financial loss by well measured risk taking - allocating resources in order to capitalise on potential opportunities)			Substantial	Static	Existing controls <ul style="list-style-type: none"> • Sound process on trying to protect where funding is going supported by Medium Term Financial Strategy • Efficiency and Savings Agenda • Good financial management with monitoring arrangements in place • Accountability framework • Work to meet future budget targets through Fundamental Budget Review and Financial Challenge work. • Council Priority Activities agreed & delivery of major projects managed / monitored. • Close working with DC's on funding arrangements • Medium term financial plan for next 3 years updated as part of budget process • Use of reserves to balance the budget in 2015/16 New / Developing controls <ul style="list-style-type: none"> • Use of reserves to balance the budget in 2016/17 • Building flexibility to deal with in-year changes • Capital Programme/Asset Sales Review • Commissioning for Lincolnshire Programme
8	Pete Moore	Governance Maintenance of effective governance arrangements including the way we implement transformational change and decisions affecting service delivery	Hungry (Reputation & Public confidence - Comfortable with taking decisions that are likely to bring scrutiny of the Council but where potential benefits outweigh the risks. Recognise that highly devolved decisions making will mean that not all risks known - take action when uncertain of results or with uncertain info - willing to accept significant loss for potential higher rewards)			Substantial	Static	Existing controls <ul style="list-style-type: none"> • Local Code of Conduct based on LGA been adopted • Governance Arrangements take account of CIPFA guidance • Progressing the review of scrutiny arrangements. • Implementation of Combined Assurance Model • Annual Governance Report from Monitoring Officer, Common Code of Conduct and Register of Interests • Scheme of delegation New / Developing controls <ul style="list-style-type: none"> • Governance Framework needs modifying to adapt to changing organisational environment - less prescriptive in style, with balancing of risk & accountability - needs a formal plan. • Monitoring and implementation of the Members code of conduct • Learning outcome from the libraries judicial review
9	Debbie Barnes	Recruitment / Staffing Ability to recruit & retain staff in high level areas	Averse (People - Recognise that our staff are a valuable resource that requires investment by us to help sustain their health & wellbeing - low risk options taken to minimise exposure)			Limited	Static	Existing controls <ul style="list-style-type: none"> • Pro-active Health & Safety on stress management • Training funded by I Count on increasing resilience through change • Effective management oversight & appraisal systems in place • CX Briefings on internal staff engagement • Audits & action plans in areas of sickness absence hotspots • Recruitment and retention action plan for qualified social workers in Childrens Services • Additional temporary resources to promote employment opportunities for young people in the Council and support development of future workforce. New / Developing controls <ul style="list-style-type: none"> • Updating job evaluation scheme to be more fit for purpose • Strategic workforce project plan • Employee feedback through the development of staff surveys to reinforce the Council's commitment to be a good employer (staff surveys in November 2015) • Change management practice - to be applied in practice to all projects • Implementing the Council's workforce planning processes to improve and support retention of key skills • A central source of internal and external market data which can be used by specific managers to source resources effectively and efficiently to meet their requirements • Undertake a review of the current workforce planning toolkit approach and associated guidance to determine its fit for future use • Undertake a review of the Agresso functionality to determine if the system is fit for purpose to support basic workforce planning • Pilot use of the CEB / SHL system with the 'hard to recruit and hard to retain' posts to ascertain what drives tenure and performance in these roles in order to form a recruitment strategy. • Evaluate the use of current sourcing channels to increase the use of social media and other platforms like 'Linked In'.

No of Risk	Risk Owner	Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)	Current risk score	Target risk score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions
------------	------------	------------------	---	--------------------	-------------------	--	---	---------

<p>10</p>	<p>Judith Hetherington-Smith</p>	<p>Strategic contracts Ensuring contracts are fit for purpose in the Commissioning Agenda</p>	<p>Open & Aware (Finance & money - No surprises - prepared to invest for reward and minimise the possibility of financial loss by well measured risk taking - allocating resources in order to capitalise on potential opportunities)</p>	<p>Open & aware/cautious (Partnerships - Recognised that we work differently with different contractors / partners)</p>	<p>Likelihood Impact</p> 	<p>Likelihood Impact</p> 			<ul style="list-style-type: none"> Working with contracts team in determining the key contracts for the Authority.
<p>11</p>	<p>Judith Hetherington-Smith and Pete Moore</p>	<p>Governance Effective implementation of the Agresso system to ensure good governance in respect of key Financial and HR systems.</p>	<p>Open & Aware (Reputation & organisational/service user confidence - This is a time limited risk that needs managing to ensure effective implementation and sound governance systems)</p>		<p>Likelihood Impact</p> 	<p>Likelihood Impact</p> 	<p>Limited</p>	<p>Improving</p>	<p>Existing controls</p> <ul style="list-style-type: none"> Agresso Board to identify problems, solutions and monitor progress. Serco and Unit 4 provision of additional resources for programme management problem solving and customer liaison. <p>New/Developing contracts</p> <ul style="list-style-type: none"> Recovery Group including VFM & Audit Committee inputs Updating of programme & resources plan Council provision of additional staffing resources to respond & resolve problems. Contract Management.

This page is intentionally left blank

Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director Finance and Public Protection

Report to:	Audit Committee
Date:	23 November 2015
Subject:	Internal Audit - External Quality Assessment

Summary:

Internal Audit within the Public Sector in the UK is governed by the Public Sector Internal Audit Standards (PSIAS) - which have been in place since April 2013. The Standards require a periodic self-assessment and an external assessment at least once every 5 years as part of Internal Audit's Quality Assurance and Improvement Programme.

This report provides the Committee with the proposed scope for undertaking the external assessment.

Recommendation(s):

The Committee is asked to:

1. Consider and endorse the proposal to undertake a full external assessment of the Council's Internal Audit function in 2016.
2. Approve the Chairman of the Audit Committee and the County Finance Officer to be project sponsors.

Background

1. The County Council's Internal Audit function is part of the Audit Lincolnshire Partnership – a collaboration with the City of Lincoln and East Lindsey District Council's Internal Audit Teams.
2. Each Council delivers its own internal audit service – however under the Audit Lincolnshire ("brand") work in partnership providing internal audit services to other local authority and public sector clients.
3. The aim of the Audit Lincolnshire partnership is to:
 - Share good practice
 - Adopt leading edge methodology

- Pool resources across the 3 Councils to make savings, improve efficiency and offer greater value for money to our clients through streamlining the audit plans in areas of common interest.
4. The Public Sector Internal Audit Standards (PSIAS) – which have been in place since April 2013 consist of the following elements:
 - Definition of Internal Auditing
 - Code of Ethics, and
 - Standards for the Professional Practice of Internal Auditing
 5. In local government the PSIAS are mandatory for all principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015.
 6. The PSIAS aim to promote further improvement in the professionalism, quality and effectiveness of internal audit across both the public and private sectors. They reaffirm the importance of robust, independent and objective internal audit arrangements to provide Executive Director – Finance & Public Protection (the Section 151 officer) with the key assurances he needs in managing the council finances and in producing the annual governance statement.
 7. In April 2013, CIPFA produced a Local Government Application Note for the PSIAS (the Standards) – this has been used to undertake our annual self-assessment to demonstrate conformance with the Standards.
 8. The Standards require an external assessment at least once every 5 years as part of the Quality Assurance & Improvement Programme. A summary of Audit Lincolnshire's Quality Assurance Framework is attached in Appendix A.
 9. At its 20th July 2015 meeting the Committee endorsed the opinion that the County Council had an effective system of internal audit. One of the actions from this review was the completion of an External Quality assessment of the Internal Audit service during early 2016. This report provides the potential scope for such a review.

External Assessment – The Requirements

10. The standards require that:
 - external assessments must be conducted by a qualified, independent assessor or assessment team from outside the organisation.
 - the Audit & Risk Manager discuss with the Audit Committee the form of the External Assessment and the qualification of the external assessor or assessment team, including any potential conflicts of interest.
 - The scope of the external assessment must be agreed with the appropriate sponsor of the project / work. **We are recommending that the Chairman of the Audit Committee and the County Finance Officer are project sponsors.**

External Assessment – Approach

11. There are two options for the format of the assessment – a full assessment and an externally validated self-assessment.
12. The advantage of a full assessment is that it has potentially greater value and independence. Conformance is assessed by a qualified assessor who determines the approach of the assessment, the evidence and information they seek and the people to see. They take between 10 – 25 days. They provide suggestions for improvement against best practice and benchmark data.
13. On the other hand, a validated self-assessment is likely to be of a shorter duration, take less time (5 – 8 days), be less disruptive and cost less. They provide development opportunities for internal audit staff and strengthen awareness of quality assurance. Conformance is assessed based on the self-assessment with limited benchmarking data and interviews with stakeholders. They provide suggestions for improvement against the standards / best practice.

External Assessment – who should undertake the assessment

14. The Standards specify that a qualified assessor / team should undertake the assessment and be able to demonstrate the following:

Competencies – professional practice in internal auditing and the external assessment process.

Experience – gained in organisations of similar size, complexity and sector is considered more valuable than less relevant experience.

Independence – not having either a real or apparent conflict of interest and not being part of; or under the control of, the organisation(s) to which the internal audit activity belongs.

15. As this is the first time we have undertaken an External Quality Assessment we asked other Councils what they had done – it varied. What we found was:
 - Many were not undertaking the External Quality Assessment until the final year e.g. 2018
 - Those who had were through a mixture of peer reviews and external providers – this depended on affordability and availability of Head of Internal Audit
 - Peer reviews were generally a self-assessment with external validation. This included a site visit to talk through the self-assessment, key documents and speak to key stakeholders.
 - Costs varied – although peer reviews tended to be through networking groups and were at a nominal cost.

16. To help us determine the approach to take we requested 5 external organisations to provide a quote to:

- Assess how Audit Lincolnshire and the individual council's conform with the standards
- Evaluate our effectiveness in meeting and exceeding client expectations in light of the Audit Charter
- Identify opportunities / suggestions where we can improve
- Benchmark our activities and practice against best practice and our best performing peers – both in and outside our sector
- Provide a report and suggested action plan as a result of the quality assessment.

17. In providing the quote we requested information on:

- Approach
- Deliverables and Outcome
- Timescales - days and span
- Price (Audit Lincolnshire combined and a separate quote for each Council).

The evaluation model was 60% quality and 40% cost. Quality was assessed on approach to delivery – implementation – added value – output – innovation.

18. Attached in Appendix B is the outcome of the evaluation exercise. Supplier 5 provided the most economically advantageous offer.

19. **Taking into account the above information we are recommending that a full external quality assessment is undertaken.** This involves:

- Planning & co-ordinating delivery of the project – with the project sponsors and Audit and Risk Manager
- Conducting the review of the Internal Audit Arrangements for all 3 councils and the Audit Lincolnshire partnership
- Benchmarking to self-assessment and best practice
- Draft Report - discussions with Audit and Risk Manager and Project Sponsors
- Final Report – presented to Audit Committee and / or Corporate Management Board.

The timing of the External Assessment will be spring / summer 2016.

Conclusion

The external quality assessment of Internal Audit is a requirement under the Public Sector Internal Audit Standards. The deadline for completion is 31st March 2018. It is considered that undertaking an external assessment now would be better than waiting. It helps the Councils Internal Audit function to continually improve and demonstrate how it adds value to the organisation as a key assurance provider –

particularly important as the Council continues to go through major change and needing to deliver significant financial savings.

There are various alternatives on who can undertake an external quality assessment and how they should be provided. Appointing supplier 5 best meets our requirements. They have the competency, experience and independence to deliver a full assessment at a cost that the Audit Lincolnshire partnership can afford.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Quality Assurance Framework
Appendix B	External Assessment - Evaluation Results

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 01522553692 or lucy.pledge@lincolnshire.gov.uk.

This page is intentionally left blank

Audit Lincolnshire Quality Assurance Framework

Appendix A



Annual self- assessment

- Head of Internal Audit - develop & maintain Quality Assurance Improvement Programme (QAIP) & improvement action plan
- Focus on evaluating conformance with Internal Audit Charter, definition of Internal Audit, Code of Ethics & the Standards
- Arrange an External Assessment – co-ordinated with Audit Committee (planned for 2015)

Periodic quality assurance assessments

- Obtain periodic assurance that engagement planning, fieldwork conduct and reporting /communicating results adheres to audit practice standards
- Provide HIA with quarterly highlight reports on outcome of reviews
- Conduct all audit engagements in accordance with audit practice standards/PSIAS
- Behave at all times in accordance with the Code of Ethics/Code of Conduct
- Promote the standards and their use throughout the Internal Audit activity
- Commitment to delivering quality services
- Obtain ongoing assurance that engagement planning, fieldwork conduct and reporting/communicating results, adheres to audit practice standards
- Undertake engagement supervision and review. The extent of supervision needed will depend on the proficiency and experience of the internal auditors and the complexity of the engagement.



Quality outcomes / process designed to deliver a consistently high quality audit service to our clients - fit for purpose / meet client expectations / conform to PSIAS



Quality improvement plan - HIA reporting to Audit Committee on the outcome of Quality Assurance – with improvement



Ongoing monitoring – quality built into the audit process

Quality checks and oversight are undertaken throughout the audit engagement ensuring that processes and practice are consistently applied and working well.

This page is intentionally left blank

Appendix B - External Quality Assessment – Evaluation Results

Date: 26th October 2015

Our Requirements

- An assessment on how well Audit Lincolnshire and the individual council's conform with the Public Sector Internal audit Standards
- Evaluate our effectiveness in meeting and exceeding client expectations in light of the Internal Audit Charter
- Identify opportunities / suggestions where we can improve
- Benchmark our activities and practice against best practice and our best performing peers – both in and outside our sector
- Provide a report and suggested action plan as result of the quality assessment

	Supplier 1		Supplier 2	Supplier 3	Supplier 4	Supplier 5
LCC	15,000	11,250	6,450	?	12,610	3,600
CofL	9,000	6,750	3,450	?	7,760	2,250
ELDC	9,000	6,750	3,450	?	6,790	2,250
Audit Lincs	£24,750		£13,350	£19,500	£27,160	£9,000
Daily rate	£1,000					£900
Expenses	extra		included	Not mentioned	extra	Extra
Evaluation Results						
Quality (60%)	29.1		31.9	34.1	43.5	36.0
Price (40%)	0		20.7	0	0	40.0
Total	29.1		52.6	34.1	43.5	76.0
Ranking	5th		2nd	4th	3rd	1st

This page is intentionally left blank

Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director Finance and Public Protection

Report to:	Audit Committee
Date:	23 November 2015
Subject:	Review of Audit Committee Terms of Reference

Summary:

The periodic consideration of the Audit Committee's terms of reference is seen as best practice.

Recommendation(s):

1. That the Audit Committee considers the new terms of reference attached in Appendix C
2. That the new terms of reference be recommended to the Council for approval.

Background

CIPFA's Practical Guidance for Audit Committees provides local authorities with suggested terms of reference. Our Audit Committee terms of reference have been reviewed and updated to reflect this good practice guidance.

The existing terms of reference are attached in Appendix A with an extract of CIPFA's guidance and suggested terms of reference attached in Appendix B.

The suggested new terms of reference is attached in Appendix C. The main changes are:

- Audit
 - Reference is made to the Public Sector Internal Audit Standards
 - Approval of the Internal Audit Charter
 - Being more specific in oversight requirements of Internal audit eg resources
- Regulatory
 - Being more specific around the Committee role on Governance, risk and internal control

Conclusion

The Council's Audit Committee plays a key role in helping the Council maintain good governance – ensuring that it is run well.

Having effective terms of reference helps the Committee report to full Council on its performance and effectiveness.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Existing Audit Committee Terms of Reference
Appendix B	CIPFA's suggested Terms of Reference for local authorities
Appendix C	New Terms of Reference for the Audit Committee

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 01522553692 or lucy.pledge@lincolnshire.gov.uk.

7.05 Audit Committee

There will be an Audit Committee consisting of eight members. Seven of the members will be Non-Executive Councillors and reflect the political balance overall, 1 member shall be an independent person who is not a Councillor or Officer of the Council.

Role:

- To fulfil the role of an Audit Committee in respect of the work of the Council

Functions:

Audit Activity

- to consider the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements
- to consider summaries of specific internal audit reports of significance or as requested
- to consider reports dealing with the management and performance of internal audit
- to consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale
- to consider the external auditor's annual letter, relevant reports, and the report to those charged with governance
- to consider specific reports as agreed with the external auditor
- to comment on the scope and depth of external audit work and to ensure it gives value for money
- to liaise with the Audit Commission over the appointment of the Council's external auditor

Regulatory Framework

- to maintain an overview of the Council's Constitution.
- to review any issues referred to it by the Chief Executive, Director,

or any Council body

- to monitor the effective development and operation of risk management and corporate governance in the Council
- to monitor Council policies on confidential reporting code, anti-fraud and anti-corruption policy and Council's complaint process
- to oversee the production of the Council's Annual Governance Statement and to recommend its adoption
- to consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice
- to consider the council's compliance with its own and other published standards and controls

Accounts

- to review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council
- to consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts
- duty to approve the authority's statement of accounts, income and expenditure and balance sheet

Standards

- promoting and maintaining high ethical standards by Councillors and non-elected members;
- assisting the Councillors and added members to observe the Members' Code of Conduct;
- advising the Council on the adoption or revision of the Members' Code of Conduct;
- monitoring the operation of the Members' Code of Conduct;
- advising, training or arranging to train Councillors and added members on matters relating to the Members' Code of Conduct;

- determining complaints of breaches of the Code of Conduct for Members referred for hearing by the Monitoring Officer.

This page is intentionally left blank

Suggested Terms of Reference – Local Authorities

This appendix contains suggested terms of reference for local authorities.

In developing the terms of reference for an organisation, care should be taken to ensure that the specific regulations appropriate for the authority are taken into account.

In addition, where the terms of reference refer to internal audit, regard should be had for how the internal audit charter has allocated responsibilities to the committee. Some of the internal audit responsibilities identified in the terms of reference may not be carried out by the audit committee, but by others.

SUGGESTED TERMS OF REFERENCE – LOCAL AUTHORITIES

Statement of purpose

1 Our audit committee is a key component of [name of authority]’s corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

2 The purpose of our audit committee is to provide independent assurance to the members [or identify others charged with governance in your authority] of the adequacy of the risk management framework and the internal control environment. It provides independent review of [name of authority]’s governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, risk and control¹.

3 To review the council’s corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.

4 To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit’s opinion on the overall adequacy and effectiveness of the council’s framework of governance, risk management and control.

5 To consider the council’s arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

6 To consider the council’s framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

7 To monitor the effective development and operation of risk management in the council.

8 To monitor progress in addressing risk-related issues reported to the committee.

9 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

10 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

11 To monitor the counter-fraud strategy, actions and resources.

Internal audit

12 To approve the internal audit charter.

13 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

14 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

15 To approve significant interim changes to the risk-based internal audit plan and resource requirements.

16 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

17 To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:

a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.

b) Regular reports on the results of the Quality Assurance and Improvement Programme.

c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.

18 To consider the head of internal audit's annual report:

a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.

b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.

19 To consider summaries of specific internal audit reports as requested.

20 To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

21 To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

22 To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations (see Appendix A).

23 To support the development of effective communication with the head of internal audit.

External audit

24 To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

25 To consider specific reports as agreed with the external auditor.

26 To comment on the scope and depth of external audit work and to ensure it gives value for money.

27 To commission work from internal and external audit.

28 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

29 To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

30 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

31 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.

32 To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

This page is intentionally left blank

Audit Committee - suggested new Terms of Reference

Audit Committee

There will be an Audit Committee consisting of eight members. Seven of the members will be Non-Executive Councillors and reflect the political balance overall. One member shall be an independent person who is not a Councillor or Officer of the Council.

Role

- To fulfil the role of an Audit Committee in respect of the work of the Council.

- The Audit Committee is a key component of Lincolnshire County Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- The purpose of the Audit Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Lincolnshire County Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Functions:

Internal Audit

- approve the internal audit charter
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations
- To consider the Head of Internal Audit's annual report and opinion.
 - a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.

- b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.
- To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- To consider reports from the head of internal audit on internal audit's performance during the year. These will include:-
 - a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - b) Regular reports on the results of the Quality Assurance and Improvement Programme.
 - c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
- To consider summaries of specific internal audit reports of significance or as requested
- To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- To support the development of effective communication with the head of internal audit.

External Audit

- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To liaise with the appropriate body over the appointment of the Council's external auditor.
- To commission work from internal and external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Regulatory Framework – Governance, Risk and Control

- To maintain an overview of the Council's Constitution
- To review any issues referred to it by the Chief Executive, Director or any Council body.
- To monitor the effective development and operation of risk management and corporate governance in the Council.
- To monitor progress in addressing risk-related issues reported to the committee.
- To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- To monitor the counter-fraud strategy, actions and resources.
- To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- To review the council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.

- To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- To consider the council's compliance with its own and other published standards and controls.
- To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

Accounts

- To review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- Duty to approve the authority's statement of accounts, income and expenditure and balance sheet.

Standards

- Promoting and maintaining high ethical standards by Councillors and non-elected members;
- Assisting the Councillors and added members to observe the Members' Code of Conduct;
- Advising the Council on the adoption or revision of the Members' Code of Conduct;
- Monitoring the operation of the Members' Code of Conduct;
- Advising, training or arranging to train Councillors and added members on matters relating to the Members' Code of Conduct;
- Determining complaints of breaches of the Code of Conduct for Members referred for hearing by the Monitoring Officer.



Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director for Finance and Public Protection
--

Report to:	Audit Committee
Date:	23 November 2015
Subject:	Annual External Audit Letter 2014/5

Summary: This report presents the opinion of the Council's External Auditor following the 20114/15 external audit of Lincolnshire County Council and the Pension Fund.
--

Recommendation(s): The Committee note the content of the report.
--

Background

The Council's External Auditor has issued an Annual Audit letter, which summarises his findings from the 2014/15 external audit.

KPMG's Annual Audit letter is attached to this report as Appendix A.

Conclusion

The Council's External Auditor issued an unqualified opinion on Lincolnshire County Council's financial statements and on the Pension Fund annual report on 29 September 2015.

The Council's External Auditor has issued an unqualified value for money conclusion for 2014/15.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Annual Audit Letter

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 Tony Crawley, Director, who can be contacted on 01162566067 or tony.crawley@kpmg.co.uk.



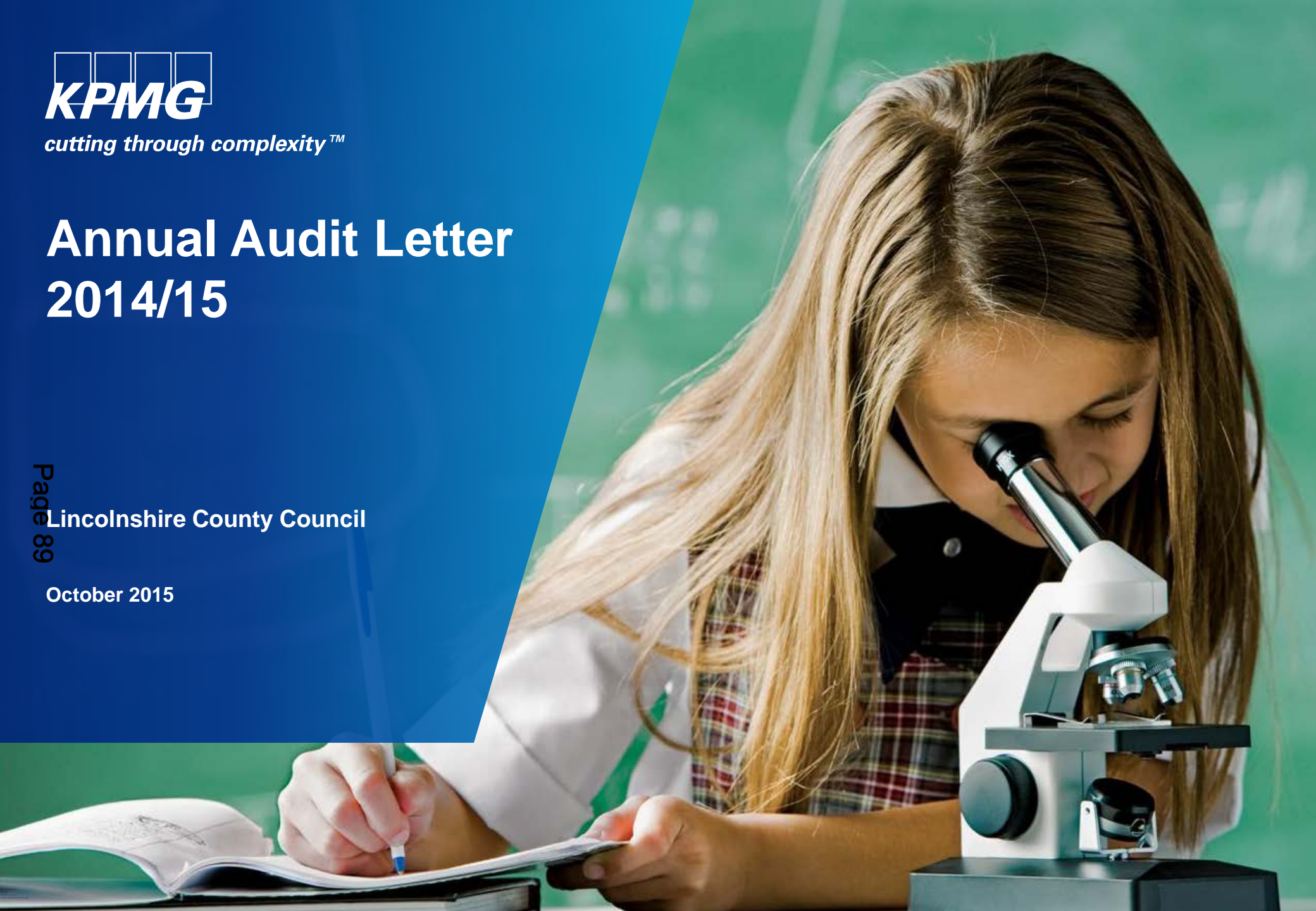
cutting through complexity™

Annual Audit Letter 2014/15

Page 89

Lincolnshire County Council

October 2015



The contacts at KPMG in connection with this report are:

Tony Crawley

Director

KPMG LLP (UK)

Tel: 0116 256 6067

tony.crawley@kpmg.co.uk

Mike Norman

Manager

KPMG LLP (UK)

Tel: 0115 935 3554

michael.norman@kpmg.co.uk

Tom Tandy

Assistant Manager

KPMG LLP (UK)

Tel: 0115 935 4480

thomas.tandy@kpmg.co.uk

Page

Report sections

- Headlines 2

Appendices

1. Summary of reports issued 4
2. Audit fees 5

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies* summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This report summarises the key findings from our 2014/15 audit of Lincolnshire County Council (the Authority).

Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2014/15 financial statements and the 2014/15 VFM conclusion.

Page 91

<p>VFM conclusion</p>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 29 September 2015. This means we are satisfied that that Authority had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at the Authority's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.</p>
<p>VFM risk areas</p>	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>Our work took into account the Authority's arrangements for managing the introduction of its new contracts for Corporate Support Services, Property Services and Pension Fund administration. These services have been supplied by new providers under five year contracts from 1 April 2015.</p> <p>There were formal and clear governance arrangements in place during 2014/15 and to date in 2015/16 to oversee the programme for the start of the new contracts. These included regular updates on programme risks and actions taken. The property and pensions administration contracts' arrangements were 'signed off' in June 2015 and are now embedded within the services' management. No significant concerns have been reported in relation to these contracts in 2015/16.</p> <p>An integral component of the new corporate support services contract arrangements has been the implementation of the new Agresso financial system. The Agresso programme has been very challenging for the Authority, with the Authority unable to ensure that there have been during 2015/16 effective processes for accurate and complete payments to creditors and staff. Fully effective financial management and reporting arrangements have also not been in place for the whole of the year, with complete and up to date budget forecast information not expected to be available before the end of October 2015. The programme monitoring and control arrangements have continued to be in place beyond the originally planned end date of June 2015 and are expected to be in place until December 2015.</p> <p>We also considered your response to the significant medium term financial and operational risks faced and carried out further work to assess your arrangements for preparing a balanced and sustainable budget for 2016 onwards. Managers have continued to build up their understanding of the medium term expenditure needs and the likely available funds. Members have continued to be briefed on the issues and good progress had been made in determining priorities and taking forward the results of the Fundamental Budget Review. Managers expected to be able to produce a balanced budget for 2016/17, although this will still require draw-down on the financial volatility reserve. The budget gap for 2017/18 was estimated to be around £20m, although this was based on a number of assumptions which officers will need to monitor closely.</p> <p>Although there are a number of continuing issues in relation to the operation of Agresso and the Authority's medium term financial standing, the Authority had adequate arrangements in place for managing these risks and we gave an unqualified VFM conclusion on the Authority's arrangements for 2014/15. We will need to continue to carry out additional work reviewing the Authority's arrangements for managing these risks in 2015/16.</p>

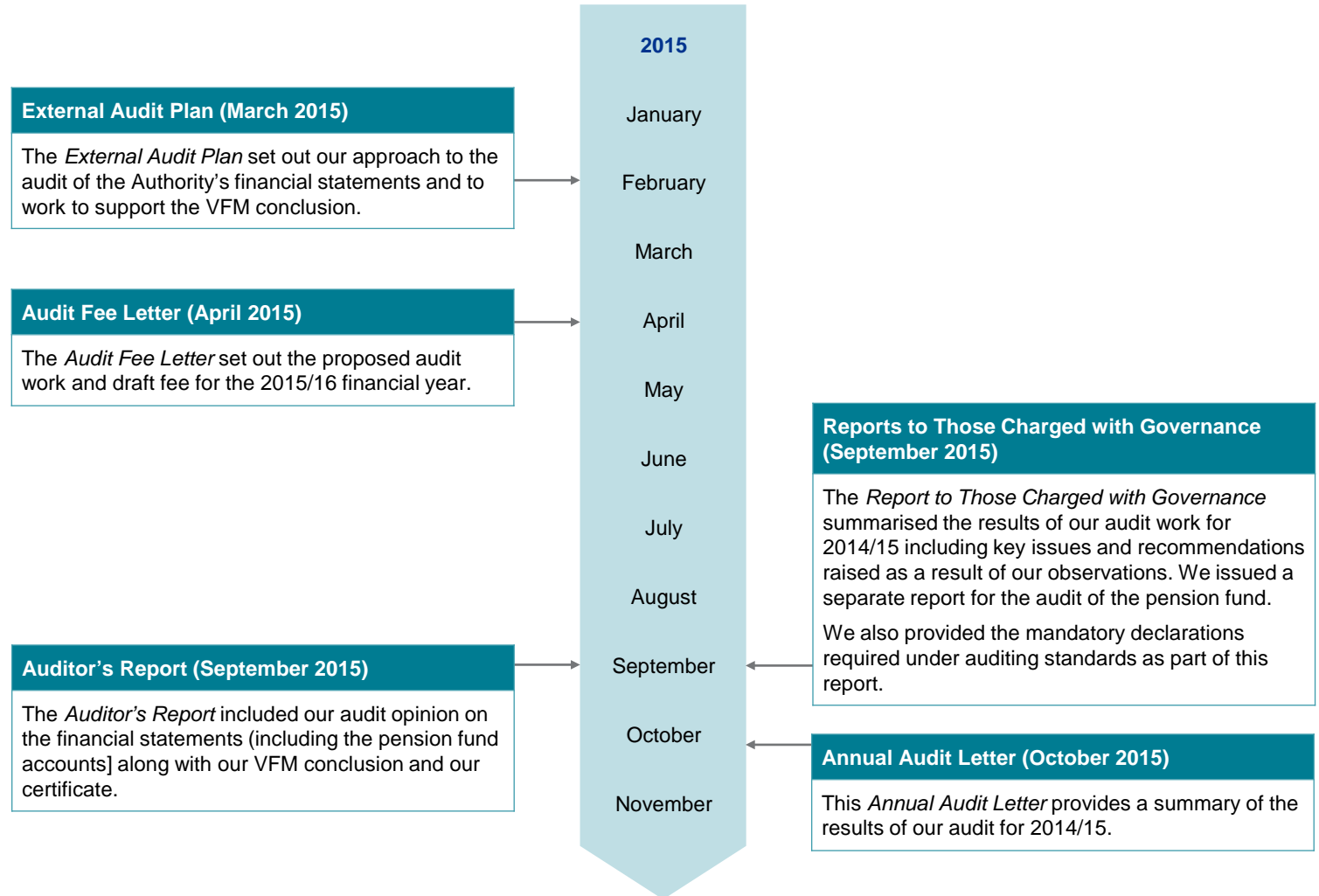
All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 2.

Audit opinion	We issued an unqualified opinion on your financial statements on 29 September 2015. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the pension fund.
Financial statements audit	The Authority has well established processes in place for the production of its accounts and supporting working papers. A complete set of draft financial statements was available well ahead of the 30 June 2015 deadline. The level of support officers needed to devote to the implementation of the new Agresso system from April 2015 did though have an impact on the Authority's arrangements. We noted that the quality in some areas of the accounts was not to the usual high standard, most notably around the accounting entries and supporting working papers for Property, Plant and Equipment where we identified material accounting errors. The circumstances for this year's audit will not be repeated for 2015/16 but we agreed a small number of recommendations for improvement with officers in relation to the issues encountered this year. We will follow up these recommendations and take into account the Agresso implementation issues when designing our 2015/16 audit.
Pension fund audit	There were no significant issues arising from our audit of the Lincolnshire Pension Fund and we issued an unqualified opinion on the pension fund financial statements on 29 September 2015 as part of our audit report.
Annual Governance Statement	We reviewed your <i>Annual Governance Statement</i> and concluded that it was not misleading or inconsistent with other information we are aware of from our audit of the financial statements.
Whole of Government Accounts	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.
Certificate	We issued our certificate on 29 September 2015. The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i> .
Audit fee	Our total audit fee for the Authority and the Pension Fund 2014/15 was £177,368, excluding VAT. Further detail is contained in Appendix 2.

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.

Page 93



This appendix provides information on our fees for the 2014/15 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

External audit

Our fee for the 2014/15 audit of the Authority was £152,025. This was greater than the planned fee of £143,100 and included additional fees totalling £8,925 relating to:

- the significant audit risk identified in our External Audit Plan (the change in the requirements for accounting for schools in 2014/15);
- additional work dealing with the matters arising during the final accounts audit; and
- the significant VFM risks identified in the External Audit Plan (changes to the Authority's corporate support services contractor and the medium term financial outlook).

Our fee for the audit of the Lincolnshire Pension Fund accounts was £25,343. This was greater than the scale fee of £24,350 and included an additional fee of £993 for the audit work relating to the significant audit risk identified in the Audit Plan regarding the implementation of LGPS 2014.

Our fees are still subject to final determination by Public Sector Audit Appointments.

Other services

We charged a total of £16,079 for other services in the year. This was made up of:

- £3,000 for the agreed work providing the Authority with our Accountant's Report on the 2013/14 Teachers' Pension Authority return;
- £5,500 for support provided to the Learners with Learning Difficulties and/or Disabilities team; and
- £7,579 for tax advice.



cutting through complexity™

© 2015 KPMG LLP, a UK public limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name, logo and 'cutting through complexity' are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).

This page is intentionally left blank



Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director Finance and Public Protection

Report to:	Audit Committee
Date:	23 November 2015
Subject:	External Audit Progress Report

Summary:

Report from KPMG, the County Council's External Auditors, giving an update on the 2015/16 Audit deliverables.

Recommendation(s):

The Committee considers the progress report and identify any further information/actions that might be required.

Background

Appendix A is KPMG's report providing an update. This includes

- Audit Plan 2015/16
- Audit Fee update
- Other work
- Schedule re deliverables

Conclusion

The report provides assurance over the progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	External Audit Progress 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 Tony Crawley, who can be contacted on 0116 256 6070 or tony.crawley@kpmg.co.uk.



cutting through complexity

External audit progress report and technical update

Lincolnshire County Council

November 2015

This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors.

The report also highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

PROGRESS REPORT			
External audit progress report		3	
KPMG RESOURCES			
KPMG publication titled: Value of Audit: Perspectives for Government		5	
TECHNICAL UPDATE			
New Local Audit Framework	●	7	
Reporting developments – Infrastructure assets	●	8	
APPENDIX			
Appendix 1 – 2014/15 audit deliverables		10	



cutting through complexity

Progress report

External audit progress report – November 2015

This document provides the Audit Committee with a high level overview on our external audit planning.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverables is provided in Appendix 1 of this report.

Page 102

Audit 2014/15	<p>We issued unqualified audit opinions on the Authority and Pension Fund Accounts, and an unqualified Value for Money Conclusion, on 29 September 2015. We issued the audit certificate at the same time and the audit is now closed. We issued our 2014/15 Annual Audit Letter in October 2015.</p>
Audit 2015/16	<p>Financial Statements</p> <p>We have started our detailed audit planning for 2015/16 and expect to issue our <i>External Audit Plan 2015/16</i> early in 2016. This will summarise the key risks to our audits of the County Council and Pension Fund accounts at the planning stages. The key risks will include the difficulties encountered by the Authority in implementing Agresso in 2015/16. We expect, given the control weaknesses in the year, that our audit testing approach will be largely substantive and that we will need to carry out computer assisted audit testing on the data within Agresso to obtain the assurances we need for our opinion. We will liaise with managers and Internal Audit regarding our specific requirements for the additional testing required.</p> <p>Value for Money Conclusion</p> <p>The National Audit Office is responsible for the Code of Audit Practice and supporting guidance, and it has now closed its consultation process on the future Value for Money (VFM) audit approach. We will update officers and the Audit Committee once further information is available on the revised VFM Guidance.</p>
Audit fee 2015/16	<p>The 2015/16 scale audit fees set by the Audit Commission for the Authority and Pension Fund are £107,325 and £24,350 respectively. The Authority fee is 25% less than that set for 2014/15. The Pension Fund scale fee is unchanged.</p> <p>We will discuss with managers the fee implications of the additional work required to address the key risks identified for this year. We will update the Audit Committee in our <i>External Audit Plan 2015/16</i>.</p>
Other work	<p>We are currently auditing the 2014/15 Teachers' Pension Return and we expect to issue the required Independent Accountant's 'Reasonableness Assurance Report' by the 30 November 2015 deadline.</p>



cutting through complexity

KPMG resources

Area	Comments
<p>KPMG publication titled: Value of Audit – Perspectives for Government</p>	<p>What does this report address?</p> <p>This report builds on the <i>Global Audit campaign – Value of Audit: Shaping the future of Corporate Reporting</i> – to look more closely at the issue of public trust in national governments and how the audit profession needs to adapt to rebuild this trust. Our objective is to articulate a clear opinion on the challenges and concepts critical to the value of audit in government today and in the future and how governments must respond in order to succeed.</p> <p>Through interviews with KPMG partners from nine countries (Australia, Canada, France, Germany, Japan, the Netherlands, South Africa, the UK and the US) as well as some of our senior government audit clients from Canada, the Netherlands and the US, we have identified a number of challenges and concepts that are critical to the value of audit in government today and in the future.</p> <p>What are the key issues?</p> <ul style="list-style-type: none"> ■ The lack of consistent accounting standards around the world and the impacts on the usefulness of government financial statements. ■ The importance of trust and independence of government across different markets. ■ How government audits can provide accountability thereby enhancing the government’s controls and instigating decision-making. ■ The importance of technology integration and the issues that need to be addressed for successful implementation ■ The degree of reliance on government financial reports as a result of differing approaches to conducting government audits <p>The <i>Value of Audit: Perspectives for Government</i> report can be found on the KPMG website at https://home.kpmg.com/xx/en/home/insights.html</p> <p>The <i>Value of Audit: Shaping the Future of Corporate Reporting</i> can be found on the KPMG website at www.kpmg.com/sg/en/topics/value-of-audit/Pages/default.aspx</p>



cutting through complexity

Technical update

Area	Level of impact	Comments	KPMG perspective
<p>New local audit framework</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 106</p>	<p>● Medium</p>	<p>The Local Audit and Accountability Act 2014 included transitional arrangements covering the audit contracts originally let by the Audit Commission in 2012 and 2014. These contracts covered the audit of accounts up to 2016/17, and gave the Department for Communities and Local Government (DCLG) the power to extend these contracts to 2019/20.</p> <p>DCLG have now announced that the audit contracts for large local government bodies (including district, unitary and county councils, police and fire bodies, transport bodies, combined authorities and national parks) will be extended to include the audit of the 2017/18 financial statements. From 2018/19, local government bodies will need to appoint their own auditors; it is not yet clear whether there will be a sector-led body that is able to undertake this role on behalf of bodies.</p> <p>NHS and smaller local government bodies (town and parish councils, and internal drainage boards), will not have their contracts extended, and will have to appoint their own auditors for 2017/18, one year earlier than for larger local government bodies such as Harborough District Council.</p>	<p><i>We understand guidance is being prepared by CIPFA on the request of the NAO.</i></p> <p><i>We will also be preparing a briefing note for clients.</i></p>

Area	Level of impact	Comments	KPMG perspective
Reporting developments – Infrastructure assets	<p style="text-align: center;">●</p> <p style="text-align: center;">Medium</p>	<p>CIPFA/LASAAC, the group that produce the <i>Code of Practice for Local Authority Accounting</i>, have confirmed that transport infrastructure assets owned by local authorities will be required to be included in the accounts from 2016/17. This would require prior period adjustments for 2015/16, including the opening position at 1 April 2015.</p> <p>The changes require local authorities to recognise the value of all transport infrastructure assets using the depreciated replacement cost method, i.e. the cost required to replace the asset with a new replacement depreciated over the life of the existing asset. Transport infrastructure assets include:</p> <ul style="list-style-type: none"> ■ roads, bridges, roundabouts and traffic calming measures; ■ footways, footpaths and cycle tracks; ■ tunnels and underpasses; and ■ water supplies and drainage systems, as they support the assets identified above. <p>Even non-highway authorities will be affected to the extent that footways etc are material to their accounts. Railway assets are not currently included in the proposals, although it is possible that these may be included in subsequent periods.</p> <p>CIPFA have issued a <i>Code of Practice on Transport Infrastructure Assets</i> which contains the requirements to be included in the Local Authority Code. This is available to purchase from the CIPFA website.</p> <p>Local authorities should have developed a project plan to identify all of the relevant transport infrastructure they own and a timetable for valuing these. CIPFA expects authorities to have undertaken the 1 April 2015 valuations by 31 December 2015.</p> <p>In August CIPFA commenced a survey to assess the readiness of bodies for the introduction of depreciated replacement cost (DRC) for highways infrastructure assets in 2016/17.</p> <p>CIPFA encouraged responses from both accountants and highways engineers, either jointly or separately. The letter has also been sent to the Highways Asset Management and Financial Information Group (HAMFIG) to bring this to the attention of relevant authorities' highways engineers.</p>	<p><i>The Committee may wish to enquire of officers whether a project plan has been developed to address the requirements and review progress against this on a regular basis.</i></p>



cutting through complexity

Appendix

Appendix 1 – 2015/16 Audit deliverables – Authority and Pension Fund

Deliverable	Purpose	Timing	Status
Planning			
Fee letter	Communicate indicative fee for the audit year	April 2015	Issued April 2015
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	February 2016	
Interim			
Interim progress report	Details and resolution of control and process issues. Identify any improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	June 2016	
Substantive procedures			
Report to those charged with governance (ISA+260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	September 2016	
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2016	
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2016	
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2016	



cutting through complexity

© 2015 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

The KPMG name, logo and “cutting through complexity” are registered trademarks or trademarks of KPMG International.

Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director Finance and Public Protection

Report to:	Audit Committee
Date:	23 November 2015
Subject:	Outstanding Audit Actions Report

Summary:

This report provides a detailed update on the status of all overdue high risk agreed actions from previous audits.

Recommendation(s):

That the Committee notes the status of the listed findings and considers if it would wish to receive a detailed update in the future on progress made with some or all of the actions

Background

At the request of member this report provides detailed information on all high risk agreed actions that have exceeded their due date at 31st August 2015. It also advises on progress made with these actions, any factors limiting ability to take action and a revised completion date for each.

Conclusion

We identified that 10 of the 27 recommendations have been actioned within the agreed timescales. For the remainder we have recorded details of delays and revised action plan.

The Committee should note the current status of outstanding actions and consider how they wish to seek assurance on the resolution of these actions in the future.

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Outstanding Actions 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.



Public Sector Auditing Private Sector Thinking

Internal Audit Report to Audit Committee ***Outstanding Audit Recommendations***



Date: November 2015

Background

Where weakness in internal controls or procedures are identified during an audit the audit report will contain recommendations of possible changes to be made in order to secure necessary improvement.

Recommended improvements and actions to be taken are agreed with relevant management and included in an action plan which identifies the person responsible for taking the agreed action and the date by which that action will be taken.

Every quarter we identify all actions due and follow up with the manager to get an update on progress.

This report is designed to give the Audit Committee assurance that recommendations classified as high priority are being actioned within agreed timescales.

Process

We ran our tracker report to identify all actions that should have been completed by 31st August 2015. This highlighted 29 **high** priority recommendations.

We contacted the appropriate managers for each area and asked them for a progress report for each outstanding recommendation. Each of these can be found in the body of the report. We have highlighted completed actions in green and incomplete actions in red for ease of reference.

Summary

We identified that 10 of the 27 recommendations have been actioned within the agreed timescales as follows:

Audit	Total	Implemented	Not Implemented
AS Information Governance 14/15	6	0	6
Coroners	8	4	4
Corporate Landlord Project	3	3	0
DD _ Debtors 2013/14	5	1	4
DD Councillor Big Society Fund 12/13	1	1	0
MIMS System Review	4	1	3
	27	10	17

We would recommend that the Audit Committee request an update on the progress of these nearer their revised due date.

If any have not been completed by this stage, the Audit Committee may wish to invite the responsible manager to the Audit Committee meeting to explain reasoning and progress with implementing actions.

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>For new starters in 2013/14 we calculated the IG training completion rate to be around 66%. The overall completion rate was reported to the ICO as being 50.5%, although subsequently the Council has said to the ICO that it cannot place reliance on this figure owing to data integrity concerns.</p> <p>We examined 9 recent information breaches and found that in 7 cases the line manager and Head of Service of the person responsible for the breach had not completed the IG training.</p>	<p>In conjunction with Learning and Development, and utilising the Agresso ERP application, a more accurate reporting mechanism to identify levels of compliance across mandatory information governance e-learning will be introduced. It will aim to:</p> <ul style="list-style-type: none"> · Provide the SIRO accurate reporting on annual completion rates across information governance e-learning. · Provide managers accurate reporting on individual completion rates across information governance e-learning. · Provide the Information Commissioner's Office accurate organisational reporting across information governance e-learning, specifically Data Protection training. 	30/04/2015	-	<p>Work ongoing to finalise the interface between Agresso and Lincs2Learn platform.</p>	Nov-15

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
	<ul style="list-style-type: none"> · Evidence external compliance e.g. Public Services Network; HSCIC IG toolkit, on annual completion rates across information governance e-learning. · Increase compliance rates; increase knowledge; and reduce breaches which result from human error. <p>In conjunction with People Services include the requirement to complete information governance e-learning as a standing item within the appraisal process. It will aim to:</p> <ul style="list-style-type: none"> · Allow managers the ability to identify staff who have not completed the training with a view to escalating non-compliance. · Increase compliance rates. 				

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>It proved difficult to identify 3rd party processors due to a lack of awareness of these types of arrangements within the Council. Under the DPA all legal responsibility for compliance in these circumstances rests with the Council and the DPA therefore requires that a contract be in place between the Council and the 3rd party.</p> <p>For a number of data processors where contracts had been formally agreed, largely on the basis of contract value, these contracts contained detailed clauses specific to data security. However a number of less formal arrangements did not have signed agreements in place. Predominantly these were found to be independent chairs of such groups as safeguarding boards and foster/adoption panels.</p> <p>The remedial actions for a breach involving an independent chair of a foster panel did not include identifying whether contractual arrangements were in place for other</p>	<ul style="list-style-type: none"> · Introduce at the very root of the data flow process a consistent approach to information governance requirements including: <ul style="list-style-type: none"> o A consistent information sharing agreement approach. o A consistent information governance statement in the standard terms and conditions of contracts. This will include Data Protection, Freedom of Information; Records Management and Information Security. 	30/06/2015	31/08/2015	<p>An information sharing agreement template has been produced to standardise and simplify the documenting.</p> <p>Still awaiting Legal for a suite of information governance terms and conditions for contracts which will be used as a reference point</p>	Nov-15

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
independent chairs used in the authority.					
<p>It proved difficult to identify 3rd party processors due to a lack of awareness of these types of arrangements within the Council. Under the DPA all legal responsibility for compliance in these circumstances rests with the Council and the DPA therefore requires that a contract be in place between the Council and the 3rd party. For a number of data processors where contracts had been formally agreed, largely on the basis of contract value, these contracts contained detailed clauses specific to data security. However a number of less formal arrangements did not have signed agreements in place. Predominantly these were found to be independent chairs of such groups as safeguarding boards and foster/adoption panels. The remedial actions for a breach involving an independent chair of a foster panel did not include identifying whether contractual arrangements were in place for other independent chairs used in the</p>	<p>· Introduce, and begin to populate, an information asset register designed to identify key information assets (those involving personal and/or sensitive data);</p>	30/06/2015	31/08/2015	As above 6.1.1.3. Inconjunction with IAO's.	Oct-15

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
authority.					
<p>It proved difficult to identify 3rd party processors due to a lack of awareness of these types of arrangements within the Council. Under the DPA all legal responsibility for compliance in these circumstances rests with the Council and the DPA therefore requires that a contract be in place between the Council and the 3rd party.</p> <p>For a number of data processors where contracts had been formally agreed, largely on the basis of contract value, these contracts contained detailed clauses specific to data security. However a number of less formal arrangements did not have signed agreements in place. Predominantly these were found to be independent chairs of such groups as safeguarding boards and foster/adoption panels.</p> <p>The remedial actions for a breach involving an independent chair of a foster panel did not include</p>	<ul style="list-style-type: none"> Submit a business case to CMB recommending the formalisation of information asset owners across Director Areas; a role which will ensure that specific information assets are handled and managed appropriately. This will include having an understanding of, and authorising, data flows related to that asset. 	31/05/2015	31/08/2015	A business case is being presented to CMB 28 Oct 15 following agreement with SIRO. If agreed by CMB work will be initiated by the IG team to identify IAO's.	Oct-15

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
identifying whether contractual arrangements were in place for other independent chairs used in the authority.					
<p>Management reports were produced for managers to identify staff yet to complete the training. These reports are no longer issued (as of October 2013). We understand that improved reporting arrangements will be in place for April 2015 when the new ERP goes live. The absence of reports has likely contributed to the low levels of IG training amongst Council staff, as they represented an easy means of establishing who had and had not completed training.</p> <p>Management now need to reinforce the need for staff to routinely undertake IG training. The ICO say that it is "vital that your staff understand the importance of protecting personal data; that they are familiar with your organisation's security policy; and that they put its security procedures into practice."</p>	<p>In conjunction with Learning and Development, and utilising the Agresso ERP application, a more accurate reporting mechanism to identify levels of compliance across mandatory information governance e-learning will be introduced. It will aim to:</p> <ul style="list-style-type: none"> · Provide the SIRO accurate reporting on annual completion rates across information governance e-learning. · Provide managers accurate reporting on individual completion rates across information governance e-learning. · Provide the Information Commissioner's Office accurate organisational reporting across information governance e-learning, specifically Data Protection training. 	30/04/2015	-	Work ongoing to finalise the interface between Agresso and Lincs2Learn platform.	Nov-15

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
	<ul style="list-style-type: none"> · Evidence external compliance e.g. Public Services Network; HSCIC IG toolkit, on annual completion rates across information governance e-learning. · Increase compliance rates; increase knowledge; and reduce breaches which result from human error. <p>In conjunction with People Services include the requirement to complete information governance e-learning as a standing item within the appraisal process. It will aim to:</p> <ul style="list-style-type: none"> · Allow managers the ability to identify staff who have not completed the training with a view to escalating non-compliance. · Increase compliance rates. 				
The level of completion for senior officers, from Chief Executive to	As above.	30/04/2015	-	Work ongoing to finalise the interface between Agresso and	Nov-15

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>Heads of Service was found to be 43%. We understand that previous reports on IG training were issued to senior officers for them to check the completion of the IG training course for their staff. However, no monitoring reports were then produced to check that senior officers had completed the training. Whilst other factors could be at play, the low level of completion amongst senior staff could be perceived as symptomatic of a culture where data protection is not taken seriously.</p>				Lincs2Learn platform.	

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>We found that rates paid to contractors varied significantly within some geographical areas e.g. £50 - £124 per removal and £189.80 to £350 per transfer - in part, this may reflect the different geographical boundaries and the distances travelled. Such variable rates for delivering the same service impact on cost efficiencies and reduce assurances around best value. We understand that the price variations arose as the Service did not have any realistic base data - charges varied significantly between funeral directors. With Procurement Lincolnshire's input, we understand it was agreed to allow the funeral directors to set a rate they could work to.</p>	<p>CSM to engage with Coroner's Officers to establish that contractors are being used in the most effective way.</p>	<p>31/08/2014</p>	<p>30/09/2014</p>	<p>Body Removal Contract rota in place to provide transparency and accountability. Procurement Lincolnshire conducted a review. Differences in prices reflect geographical areas and in one area lack of competition. Contract will be retendered before 01.04.17.</p>	<p>Mar-16</p>
<p>Ministry of Justice and Chief Coroner policy is to move towards more whole time Coroners covering larger</p>	<p>Meeting with Chief Coroner 24.04.14.</p>	<p>01/08/2014</p>	<p>31/08/2015</p>	<p>Options paper prepared and consulted on Summer 2015.</p>	<p>Apr-18</p>

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>geographical areas. The Coroners and Justice Act 2009 states "Each Coroner area will cover either the whole of one local authority area or the whole of two or more local authority areas".</p>	<p>Meeting with Senior Leaders and Chief Coroner 29 July 2014.</p> <p>Budget/financial implications and options paper to be prepared.</p> <p>Consider a joint Area Coroner moving towards consistent working practices and improved capacity; reduce costs for long inquests. Proposal supports health and wellbeing of Senior Coroners.</p> <p>The findings are covered by a fundamental review of the service. Options paper has been prepared and is with Legal (revising it) as Central Coroner has threatened a Judicial Review if his salary is affected- revised version expected 12 May 2015. South Coroner is agreeable to recruiting an Area Coroner.</p> <p>Linked to this is a feasibility study on the co-location of the Coroners service. Spilsby SLA remains unsigned by the Central Coroner pending surveys on heating /</p>			<p>FBR proposal is for the long term aim to move to a 'Single Coroner Model'.</p> <p>Long term strategy paper and Action Plan developed.</p>	

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
	<p>electricians.</p> <p>A Service Plan review is being developed - both coroners retire in 2017/18.</p>				
<p>Following a full OJEU tender process, a body removal contract commenced from April 2013. At the time of going to tender there was no accurate statistical/budget information available - this has affected expectations around anticipated contract spend (and budget setting) and the ability of the Service to influence provider fees.</p>	<p>Procurement Lincolnshire's contract review will consider how contract management and performance monitoring arrangements can be further developed. Procurement Lincolnshire's contract review will consider how contract management and performance monitoring arrangements can be further developed.</p>	01/08/2014	31/08/2015	This action has been implemented	
<p>The Council currently has a medium level of confidence in this service area. This is partly due to the need to improve budget processes and other standard operating practices but also because there is no mechanism for collecting regular performance information about the Coroner service e.g. quality of service, caseloads and long inquests. Collecting this information would enable the CSM to improve the service by reviewing the quality and</p>	<p>Standards of Serviced linked to recent Ministry of Justice Guide to Coroners Services (issued April 2014).</p> <p>Coroners feed into service planning and business continuity planning.</p>	31/12/2014	31/08/2015	<p>Case Management system in development with piloting of functions.</p> <p>Coroners are not responsive to performance management by the Council or the Chief Coroner. Annual statistics submitted to the MoJ and cases over 12 months reportable to the Chief Coroner by the Senior Coroner.</p> <p>Business Continuity Plans updated</p>	Dec-15

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
standards and maximising operational efficiency and effectiveness. It will also provide the Council with a high level of positive assurance in this critical activity.				regularly and distributed to the Coroners.	
The Council has no formal, documented agreement for usage of the Spilsby premises (usage is expected until 2017) - an SLA would formalise the arrangements for acceptable usage, securing compliance e.g. health and safety requirements and specify responsibilities for agreed costs.	<p>We advise the Council considers the most effective location for the Coroner's service as part of the Fundamental Budget Review. We are uncertain whether the current arrangements offer the Council the most cost effective solution.</p> <p>We recommend a cost/benefit analysis looking at the option of basing the Coroner's Service in Lincoln premises and centralisation of all administration. This may have other benefits such as improved Council/Coroner liaison and financial management.</p>	31/12/2014	-	<p>SLA (with 3m notice) was drafted and discussed, however financial funding of improvements were required. Alternative accommodation currently being sourced with the option to return the office to Lincoln and reduce expenditure.</p> <p>FBR proposal is for the long term aim to move to a 'Single Coroner Model'.</p> <p>See other notes in agreed management actions.</p>	01/04/16 01/04/18
<p>The service overspend of £339k in 2013/14 can be explained by a range of factors, including:</p> <p>unrealistic budget setting</p> <p>inadequate cost projections</p>	<p>Quarterly meetings to start 28.05.2014.</p> <p>Coroners to highlight expenses and long inquests at first available opportunity in line with Coroners & Justice Act, Statutory Instrument</p>	01/07/2014	-	This action has been implemented	

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>failure to properly accrue for costs associated with previous years</p> <p>increased activity and spend on post mortems, body removals and expert witnesses</p> <p>unprecedented long inquest payments and costs for Counsel representation</p>	<p>and letters of engagement.</p> <p>Develop EWCC - this will aid projections and require purchase orders at the first point of contact/commissioning.</p>				
<p>Before September 2012, the budget was handled by the former Business Services Manager and the CSM (budget holder) had not previously had detailed involvement in profiling the Coroners' budget or validating / challenging service expenditure.</p>	<p>Regularly challenge invoices.</p> <p>Finance Officer works regularly from Lincoln office and continues to provide comprehensive support.</p> <p>Develop Expert Witness Commissioning Checklist (EWCC) - this will aid projections and require purchase orders at the first point of contact/commissioning.</p> <p>Cover budgets as an agenda item in regular Coroners meetings.</p>	01/08/2014	-	This action has been implemented	
<p>We found that some of the 2013/14</p>	<p>Agenda item 28.05.14.</p>	01/09/2014	-	This action has been implemented	

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>budgets were significantly underestimated showing a misleading overspending budget:</p> <p>body removal costs in 2012/13 were £211k - in 2013/14 the budget was initially set at £73k.</p> <p>room hire costs for 2012/13 were £18.8k - in 2013/14 the budget was set at £7k.</p>	<p>Contracts managed and reviewed.</p> <p>Contract monitoring information already feeds into the CSM cost projections and budget setting.</p> <p>Training needs will be identified.</p> <p>Review 'commissioning' functionality as part of team structure.</p> <p>Staff to use Aggresso system.</p>				

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>We could find no evidence that there is assurance on new finance and asset systems being able to meet project requirements.</p> <p>Enquires are being made at the time of the audit to gain assurance that systems can match project expectations and this is ongoing.</p> <p>There is a risk that without project plans and regular reporting on progress the new systems will be launched but will not provide the outputs to support the Corporate Landlord project.</p> <p>Officers have been attending workshops on the new systems but no documents were provided to show how this is being monitored, reported and that project leads and management have assurance on new</p>	<p>Work stream and associated plan developed.</p> <p>Priority objective for the service plan - Achieve 100% of Data Capture Schedule</p> <p>Present the documented financial reporting requirements for Corporate Landlord and provide assurance that Agresso system will meet the requirements.</p> <p>Present draft communication for approval that will accompany the implementation of Agresso. To ensure that Finance team have a clear understanding of the purpose of the budget structure / Corporate Landlord.</p>	31/01/2015	01/07/2015	<p>This action has been implemented</p>	

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
system outputs.					
<p>Officers are not clear on what the Corporate Landlord project is, this was a view shared across officers who were interviewed. Different views were expressed as to what it is or staff stated it was not clear and never had been.</p> <p>The lack of an inclusive governance structure, where staff could have discussed this has increased this lack of understanding and service wide approach.</p>	See below	30/04/2015	-	This action has been implemented	
<p>We found there has not been a clear governance structure in place to manage the project. In line with corporate policy there should be a project board that meet regularly and manage the day to day issues of the project, but this has not happened since January 2014.</p> <p>In our opinion this has been a major factor in the project not completing its phase one targets on time and other issues which have arisen and led to a property service perception</p>	<p>Corporate Property and Vincimouchel are in a period of transferring to the new contract that is commencing on 1st April 2015. A mobilisation plan is in place which is delivered through a number of work stream plans. A governance structure is in place to monitor delivery of the work streams as well as the overall plan.</p> <p>Other service plans are already in place for example the strategy and Corporate Property Asset</p>	30/04/2015	-	This action has been implemented	

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>that the project was put on hold in September 2014.</p> <p>Other issues are covered by further findings in the action plan but include communications, documented trails of issues, decisions and actions, risks, clarity on the project outcomes and on the detailed deliverables.</p>	<p>Management Plan.</p> <p>The Strategy is being reviewed in 2015 and this will set the context for the corporate landlord requirements. This will be translated throughout the business for example into the asset management plan.</p> <p>In executing these there will be an analysis of how best to achieve any changes to current arrangements taking into account the learning from this audit.</p> <p>In the meantime a service plan is being developed that takes into account priority objectives for 2015. These include</p> <ol style="list-style-type: none"> 1. Ensure ALL Property Services are procured through Property Service Centre 2. Achieve 100% of Data Capture Schedule 3. Operational Property Service 				

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
	<p>Centre</p> <p>Accurate data and the associated processes and systems, and the development of the Property Service Centre will be delivered through their respective work streams.</p> <p>Both work streams will have a communication plan and contain messages about Corporate Landlord.</p> <p>A workshop will be held to review and confirm the meaning of Corporate Landlord and to debate and provide guidance for how this can be translated into the workstream areas.</p> <p>There is an overarching communication plan and a workshop will be held to agree the key common messages and stakeholders. Learning from the audit will be taken into consideration to create the plan.</p>				

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
	<p>Plans take into account the priority requirements for 1st April 2015, which may be different to the target delivery objectives.</p> <p>A dedicated resource (SW) will be assigned to provide assurance that the principles and requirements for Corporate Landlord are represented and implemented in the various works streams.</p>				

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>We recognise that Adult Care's income collection rates are good and that outstanding debt in this area is notoriously difficult to recover. However, it represents the biggest proportion of Council overdue debt. Credit Control debt recovery action in respect of outstanding Adult Care debts (predominantly residential debtor fees and direct payments) is restricted by the sensitivities and complexities of the cases. This often results in protracted resolution - 59% of Adult Care overdue debt (excluding that secured against property) is aged > 181 days. In March 2013 Adult Care identified key reasons for writing off Adult Care debt: >service user deceased >not legally recoverable >debt disputed >uneconomical to collect. It performed a review of its debt recovery processes and identified</p>	<p>Actions will be developed following receipt of the first Task Group's report</p>	<p>30/04/2014</p>	<p>-</p>	<p>Work is on-going to streamline systems and the end to end processes. Much of this work links into the development work on Mosiac for which there is currently no agreed implementation date. Links are firmly established with both Mouchel and Serco to ensure that the support service provider can work effectively with LCC when Serco take over the contract and when CoreLogic should be successfully implemented. Regular meetings have been established for Adult Care finance staff to meet with Mouchel's finance assessment team and with Mouchel debtors team to seek improvements to systems and workflow issues. These meetings are enabling Adult Care to work increasingly effectively with budget holders to</p>	<p>Sep-16</p>

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>issues with assessment processes and debt recovery arrangements. Our testing of Adult Care cases identified similar findings with key areas being:> information has to be gathered from several sources prior to any action being determined - separate teams hold pieces of information vital to the successful conclusion of any debt recovery process. This results in significant delays in the collection of debts and this reduced the likelihood of a successful outcome. > response times from fieldworkers are a significant factor - their priority is the service user rather than chasing debts> assessment documentation is incomplete - consequently it is difficult to enforce collection of debts> difficulties where the representative does not have appropriate legal authority > delays in notification by the homes that a significant debt is accruing - delays make it more difficult to collect the overdue debtAlthough action was agreed to address some of the above, it has not progressed as</p>				<p>address (bad) debt issues and income generation per se.Fieldwork staff are effectively represented within the development team to ensure they will be able to work effectively with the new systems. The CoreLogic system will address the issue of several different teams holding relevant information required for the debt recovery process. The Design group are ensuring necessary systems will be in place and that staff understand their responsibilities to carry out their duties. Tracker update from DT Jan 2015:DT referred to CMPP project being behind schedule and not ready for 1 April 2015? Unsure what the implications are for Adult Care debtors.Tracker update from DL Jan 2015:Minutes from Activity Task and Finish Group demonstrating progress with addressing system concerns. Still a lot to do.Going to keep open to monitor progress - will probably close next tracker if I have assurance that debtor related</p>	

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
intended due to other work priorities and pending the change in LCC's support services provider. A Task Group was established in January 2014 to take forward the findings from their earlier review.				activity is being progressed. There's much reference to progress improving income which is all well and good but income and debt are different.	
<p>We recognise that Adult Care's income collection rates are good and that outstanding debt in this area is notoriously difficult to recover. However, it represents the biggest proportion of Council overdue debt. Credit Control debt recovery action in respect of outstanding Adult Care debts (predominantly residential debtor fees and direct payments) is restricted by the sensitivities and complexities of the cases. This often results in protracted resolution - 59% of Adult Care overdue debt (excluding that secured against property) is aged > 181 days.</p> <p>In March 2013 Adult Care identified key reasons for writing off Adult Care debt:</p> <p>>service user deceased</p>	Adult Care have plans over the next year to consider incentivising Serco to help manage this area of debt on order to maximise income and minimise overall levels of debt.	31/03/2014	-	This action has been implemented	

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>>not legally recoverable</p> <p>>debt disputed</p> <p>>uneconomical to collect</p> <p>It performed a review of its debt recovery processes and identified issues with assessment processes and debt recovery arrangements. Our testing of Adult Care cases identified similar findings with key areas being:</p> <p>> information has to be gathered from several sources prior to any action being determined - separate teams hold pieces of information vital to the successful conclusion of any debt recovery process. This results in significant delays in the collection of debts and this reduced the likelihood of a successful outcome.</p> <p>> response times from fieldworkers are a significant factor - their priority is the service user rather than chasing debts</p>					

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>> assessment documentation is incomplete - consequently it is difficult to enforce collection of debts</p> <p>> difficulties where the representative does not have appropriate legal authority</p> <p>> delays in notification by the homes that a significant debt is accruing - delays make it more difficult to collect the overdue debt</p> <p>Although action was agreed to address some of the above, it has not progressed as intended due to other work priorities and pending the change in LCC's support services provider. A Task Group was established in January 2014 to take forward the findings from their earlier review.</p>					
<p>We recognise that Adult Care's income collection rates are good and that outstanding debt in this area is notoriously difficult to recover.</p>	<p>Bi-monthly reports to be developed with Adults Performance Board</p>	<p>31/05/2014</p>	<p>-</p>	<p>Improvements made in 2014/15. In 2015/16 further improvements are dependent on effective information being available from</p>	<p>31/06/2016</p>

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>However, it represents the biggest proportion of Council overdue debt.</p> <p>Credit Control debt recovery action in respect of outstanding Adult Care debts (predominantly residential debtor fees and direct payments) is restricted by the sensitivities and complexities of the cases. This often results in protracted resolution - 59% of Adult Care overdue debt (excluding that secured against property) is aged > 181 days.</p> <p>In March 2013 Adult Care identified key reasons for writing off Adult Care debt:</p> <ul style="list-style-type: none"> >service user deceased >not legally recoverable >debt disputed >uneconomical to collect <p>It performed a review of its debt recovery processes and identified issues with assessment processes</p>				<p>Agreeso. Agreement at November 15 Executive will help generate a further £1m income in per annum in future years</p> <p>Adult Care is refreshing its governance arrangements and will replace the Performance Board with a series of alternate meetings for officers and members from September 2014.</p> <p>At officer level, financial and performance information will be presented monthly at Asst Director meetings.</p> <p>Similar information at a higher level will be provided as required to the refreshed Adult Care Executive DMT.</p> <p>Budget holders and finance colleagues will discuss income and debt issues on an 'as necessary' basis as well as more formally at their budget review meetings.</p> <p>Subsequent follow up before</p>	

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>and debt recovery arrangements. Our testing of Adult Care cases identified similar findings with key areas being:</p> <p>> information has to be gathered from several sources prior to any action being determined - separate teams hold pieces of information vital to the successful conclusion of any debt recovery process. This results in significant delays in the collection of debts and this reduced the likelihood of a successful outcome.</p> <p>> response times from fieldworkers are a significant factor - their priority is the service user rather than chasing debts</p> <p>> assessment documentation is incomplete - consequently it is difficult to enforce collection of debts</p> <p>> difficulties where the representative does not have appropriate legal authority</p>				<p>changing status to implemented - obtain assurance that revised reporting arrangements are established and operating successfully.</p> <p>Update from DT Jan 2015:</p> <p>Regular monthly meetings are now in progress with Emma Farley and Gail Kirk (next one scheduled for end Jan 2015). DT is establishing a similar system with Economic Regeneration - Jill Mc Carthy.</p> <p>Reporting is now being done each quarter by the profit centre reports (ref above). This is being progressed and problem cases discussed on a monthly basis with Emma Farley & Gail Kirk who will highlight problem cases with relevant budget holder managers.</p> <p>DL commented that Adult Care has focussed on improving information and dialogue with budget holders and this is further</p>	

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>> delays in notification by the homes that a significant debt is accruing - delays make it more difficult to collect the overdue debt</p> <p>Although action was agreed to address some of the above, it has not progressed as intended due to other work priorities and pending the change in LCC's support services provider. A Task Group was established in January 2014 to take forward the findings from their earlier review.</p>				<p>confirmed by DT. Governance arrangements within Adult Care have been changed with an increased focus on reporting management issues.</p> <p>DL confirmed that Adult Care are looking at how best to provide the information as current reports do not make it easy to report specific details into the 2 management teams.</p> <p>Just check next time re progress with reporting arrangements for Adult Care and should be able to close then.</p>	
<p>We recognise that Adult Care's income collection rates are good and that outstanding debt in this area is notoriously difficult to recover. However, it represents the biggest proportion of Council overdue debt.</p> <p>Credit Control debt recovery action in respect of outstanding Adult Care debts (predominantly residential debtor fees and direct payments) is restricted by the sensitivities and</p>	<p>Significant investment has been made to manage income and debts in this area and the focus over the next year will be the implementation of Mosaic and getting this right from April 2015.</p>	01/04/2014	-	<p>Before I can class this as implemented - other related points need to be closed. Need confirmation that revised processes and new systems (Mosaic and Agresso) are established and realising intended benefits.</p> <p>Update from DT Jan 2015:</p> <p>DT has had involvement with this</p>	Sep-16

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>complexities of the cases. This often results in protracted resolution - 59% of Adult Care overdue debt (excluding that secured against property) is aged > 181 days.</p> <p>In March 2013 Adult Care identified key reasons for writing off Adult Care debt:</p> <ul style="list-style-type: none"> >service user deceased >not legally recoverable >debt disputed >uneconomical to collect <p>It performed a review of its debt recovery processes and identified issues with assessment processes and debt recovery arrangements. Our testing of Adult Care cases identified similar findings with key areas being:</p> <ul style="list-style-type: none"> > information has to be gathered from several sources prior to any action being determined - separate 				<p>since start December 2014 - Credit Control have been compiling the invoices, statements and reminder letters. CMPP project is understood to be behind schedule and there is some doubt as to whether it will be ready for 1/4/15. Assume Abacus will continue until CMPP is ready to go live.</p> <p>Refer to comments included against point 3.1.</p>	

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>teams hold pieces of information vital to the successful conclusion of any debt recovery process. This results in significant delays in the collection of debts and this reduced the likelihood of a successful outcome.</p> <p>> response times from fieldworkers are a significant factor - their priority is the service user rather than chasing debts</p> <p>> assessment documentation is incomplete - consequently it is difficult to enforce collection of debts</p> <p>> difficulties where the representative does not have appropriate legal authority</p> <p>> delays in notification by the homes that a significant debt is accruing - delays make it more difficult to collect the overdue debt</p> <p>Although action was agreed to address some of the above, it has</p>					

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
not progressed as intended due to other work priorities and pending the change in LCC's support services provider. A Task Group was established in January 2014 to take forward the findings from their earlier review.					
<p>We found that Credit Control has to repeatedly chase directorates for responses when collecting debts. Common reasons for delay include:</p> <p>Failure to respond to initial requests for information</p> <p>action to resolve the disputed debt is proving lengthy</p> <p>Delays could contribute to the level of aged debt - over 91 days (79% of total debt as at February 2014) and write off (over £142k as at 31 December 2013).</p>	Key messages about debtor best practice and process will be communicated in the proposed Financial Strategy Bulletin and via regular messages on News Lincs	30/06/2014	-	Due to the problems with Agresso, this has still not been progressed. It will be progressed next year when the system is stable.	Jun-16

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
<p>Groups and organisations have not been asked to provide evidence they have spent their grants in line with the intended purpose and terms and conditions of the fund (7.1 - 7.4). We therefore have no assurance that the desired outcomes have been achieved or that the funding has been appropriately spent.</p> <p>With the £2,000 allocation each year, the financial risk is low though the potential impact on reputation and the wider Big Society concept is much higher. The area requiring more assurance sits with the biggest grant award - £100,000 over the two year period of the scheme.</p>	<p>Random spot checks will be undertaken in addition to checks on all future grants awarded which exceed two thirds of the Councillors annual allowance.</p> <p>A report on the usage of the Carers' award to be delivered for 2011/12 and 2012/13.</p> <p>A review of the terms and conditions will be made, once agreement has been made for the continuation of the scheme, to include the agreed changes for monitoring grants.</p>	<p>30/09/2012</p>	<p>31/01/2014</p>	<p>This action has been implemented</p>	

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
Checks on input are infrequent and not recorded.	<p>Agree - A quality assurance framework will be developed and put in place to ensure the service is fit for purpose and enable management oversight.</p> <p>We will work with the supplier to see if we can strengthen the data integrity checking of the system (mandatory checks / system checks / format checks).</p>	31/12/2014	-	<p>New IM not yet seen Claims Audit Score Card - will address this. IM identified need for LSL to also complete and update MIMS for cases under their control. This has been passed to Legal Services to action. In addition IM will be initiating monthly reviews of data quality wef January 2016.</p>	Jan-16
There has not been sufficient training of users and there is a lack of guidance, particularly of the way the system is used by LCC.	<p>Agree - our Insurance Improvement Plan includes the production of Practice Notes, these are required for all aspects of the service including MIMS. We will prioritise the production of these notes based on significance and importance of the activity.</p>	31/12/2014	-	<p>No further training provided except initial overview to new IM</p> <p>Generic MIMS User Guide yet to be reviewed and LCC'd as part of IIP work - following new appointment this will need to be picked up</p> <p>Further work and decisions needed on how we will use MIMS system going forward - some</p>	May-16

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
				research already undertaken with other councils but due to other priorities this has been rescheduled to MMay 2016	
There are no defined administrative arrangements, whilst not always necessary for a system of this type and number of users, given the issues it would seem to be a sensible thing to do.	<p>We agree to set up the Insurance Manager as the system administrator.</p> <p>To enable us to do this we will need to liaise with the supplier to ensure appropriate knowledge, skills and understanding of the system. This work will be overseen by the Strategic Risk Manager.</p>	31/08/2014	-	<p>This will need to be updated following appointment of new IM.</p> <p>Further work and decisions needed on how we will use MIMS system going forward - some research already undertaken with other councils but due to other priorities this has been rescheduled to MMay 2016</p>	May-16
There have been issues with the accuracy of data in reports due to a lack of understanding of how the system works. Temporary measures have been put in place to deal with this and standard reports are to be produced.	<p>Agree - actions have already been taken to ensure complete and accurate data is released from the service.</p> <p>We will be working with the supplier to see if there is any way we can develop the reporting capability of the system to minimise bespoke reporting.</p>	31/08/2014	-	This action has been implemented	

This page is intentionally left blank

Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director Finance and Public Protection

Report to:	Audit Committee
Date:	23 November 2015
Subject:	Work Plan

Summary:

This report provides the Committee with information on the core assurance activities currently scheduled for the 2015/16 work plan.

Recommendation(s):

1. Review and amend the Audit Committee's work plan ensuring it contains the assurance areas necessary to approve the Annual Governance Statement 2016.
2. Review the outstanding actions designed to improve the effectiveness of the Committee

Background

- 1 The work plan has been pulled together based on the core assurance activities of the Committee as set out in its terms of reference and best practice (see Appendix A – work plan to March 2016).
- 2 There are a number of areas that the Committee may wish to seek assurance going forward and include in their work plan for 2016, namely:
 - Reviewing and encouraging transparency in partnership / collaborative working decision making
 - Understand and seek assurance over the governance and risks associated with our key partners.
 - Facilitate risk management training and awareness for members and staff. To clarify the understanding of the level of risk the Council is prepared to accept across its key activities/business units.
 - Overview of the constitution and how it impacts on the Council's assurance framework
 - Compliance with the Transparency Code.

- participating in self assessments of the governance arrangements

Conclusion

The work plan helps the Committee effectively delivers its terms of reference and keep track of areas where it requires further work and/or assurance.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Work Plan to March 2016
Appendix B	Action Plan

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.

Audit Committee Work Plan – 2015/16		
23rd November 2015	Assurances Required / Being Sought	Relevancy – Terms of Reference
Core Business		
<ul style="list-style-type: none"> Update on the Agresso project 	<p>Assess the adequacy of the Council's financial control environment.</p> <p>Ensure any issues / risks identified are being effectively managed.</p> <p>Confirm that the recovery plan has been successfully delivered.</p> <p>Confirm that any impact on the 2015/16 financial statements has been identified and is being effectively managed.</p>	
Counter Fraud Progress Report	<p>Confirm that the Council's counter fraud activity is targeted and effective.</p> <p>Ensure that appropriate progress is being made on the delivery of the Counter Fraud plan.</p> <p>Ensure that lessons have been learnt – understand fraud risks facing the Council and actions being taken to reduce the risk</p>	To monitor Council policies on confidential reporting code, anti-fraud and anti-corruption policy and the Council's complaints process. ¹
<ul style="list-style-type: none"> Internal Audit – External Assessment 	Assurance over Internal Audit conformance with the Public Sector Internal Audit Standards	Council maintains an effective internal audit service
<ul style="list-style-type: none"> Review of Audit Committee Terms of Reference 	Assurance that role and remit of the committee continues to meet best practice.	Council maintains an effective Audit Committee
<ul style="list-style-type: none"> Risk Management Progress Report 	Gain assurance that the Council is effectively	To monitor the effective development and

Audit Committee Work Plan – 2015/16		
	<p>managing its key risks – has good risk management systems/processes in place that enable decision makers to understand the level of risk being taken and the Council is prepared to accept.</p> <p>That there have been no big surprises for the Council where it suffered significant financial loss or reputational damage.</p>	operation of risk management and corporate governance in the Council.
<ul style="list-style-type: none"> External Audit Progress Report 	<p>Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.</p> <p>Note: Further assurance needed around impact / risks associated with early close down and Agresso.</p>	To comment on the scope and depth of external audit work and to ensure it gives value for money
<ul style="list-style-type: none"> External Audit Annual Audit Letter 2014/15 	Obtain assurance over the outcome of the External Audit 2015.	To comment on the scope and depth of external audit work and to ensure it gives
Other Assurance		
<p>Invite Executive Directors to a meeting to look in more depth at their assurance arrangements – seeking assurance that:</p> <ul style="list-style-type: none"> We are maintaining good governance during times of change. Understand the assurance framework through times of change and associated with the Commissioning Strategies. Particularly the impact on the assurance framework resulting from these changes, for example, senior management review, fundamental budget review and the impact on the 1st and 2nd lines of assurance (management / corporate functions). 	<p>Gain understanding of the impact of change on the Council's governance, risk and control arrangements.</p> <p>Seeking assurance that they continue to work well.</p>	<p>To review any issues referred to it by the Chief Executive, Director or any council body</p> <p>To consider the Council's compliance with its own and other published standardards and controls.</p>
25th January 2016	Assurances Required / Being Sought	Relevancy – Terms of Reference
Core Business		

Page 152

Audit Committee Work Plan – 2015/16

<ul style="list-style-type: none"> Update on the Agresso project 	<p>Assess the adequacy of the Council's financial control environment.</p> <p>Ensure any issues / risks identified are being effectively managed.</p> <p>Confirm that the recovery plan has been successfully delivered.</p> <p>Confirm that any impact on the 2015/16 financial statements has been identified and is being effectively managed.</p>	
<ul style="list-style-type: none"> Internal Audit Progress Report 	<p>Understand the level of assurances being given as a result of audit work and their impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified</p> <p>encouraging ownership of the internal control framework by appropriate managers</p> <p>Encouraging ownership of the internal control framework by appropriate managers</p> <p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets</p>	<p>To consider reports dealing with the management and performance of internal audit</p> <p>To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale</p>
<ul style="list-style-type: none"> Update on Libraries Action plan 	<p>Ensure management action is taken to improve controls / manage risks identified</p>	
<ul style="list-style-type: none"> Update on Coroners Action plan 	<p>Ensure management action is taken to improve controls / manage risks identified</p>	
<ul style="list-style-type: none"> External Audit Progress Report and Plan 	<p>Seek assurance over progress and delivery of the</p>	<p>To comment on the scope and depth of external</p>

Audit Committee Work Plan – 2015/16		
	<p>external audit plan and that any risks to successful production of the financial statements and audit are being managed.</p> <p>Note: Further assurance needed around impact / risks associated with early close down.</p>	audit work and to ensure it gives value for money
<ul style="list-style-type: none"> Update on action re Annual Governance Statement 2015 	Gain assurance that management have progressed the agreed actions associated with the significant issues / key risks identified in the Annual Governance Statement.	<p>To oversee the production of the Council's Annual Governance Statement and to recommend its adoption</p> <p>To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice</p>
Review of Accounting Policies	Seek assurance that the Council has appropriate accounting policies in place to ensure that items are treated correctly in the accounts.	To review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council
<ul style="list-style-type: none"> Annual Report reviewing the effectiveness of the Council's complaints and compliments process, including how well the Council has dealt with complaints as demonstrated by the Local Government Ombudsman's Report. 	That the Council's process and procedures for dealing with complaints and compliments is effective.	
<ul style="list-style-type: none"> Whistleblowing Annual Report 	Provide the Committee with an overview of the Council's whistleblowing arrangements throughout the year 2014/15.	To meet the Committee's Regulatory Frameworks requirement to monitor the Council's confidential reporting policy.
<ul style="list-style-type: none"> Review of compliance with Regulation of Investigatory Powers Act 		
Other Assurance		
<ul style="list-style-type: none"> Combined Assurance Status Reports 	Understand the level of assurances being provided on the Council's critical systems, key risks and projects and how they link to the Committees role and remit	To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice

Audit Committee Work Plan – 2015/16		
	and the Annual Governance Statement.	
21st March 2015	Assurances Required / Being Sought	Relevancy – Terms of Reference
Core Business		
<ul style="list-style-type: none"> Draft Internal Audit Plan 2016/17 	<p>That the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Head of Audit opinion.</p> <p>Confirm that the plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year.</p> <p>Ensure that the Internal Audit Resource has sufficiently capacity and capability to deliver the plan.</p> <p>Seek an understanding of what assurances Internal Audit will be providing the Committee to help it discharge its terms of reference.</p>	To consider reports dealing with the management and performance of internal audit
<ul style="list-style-type: none"> Draft Counter Fraud Plan 2016/17 	<p>Gain assurance that the Council has effective arrangements in place to fight fraud locally.</p> <p>Ensure that counter fraud resources are targeted to the Council's key fraud risks.</p>	To monitor Council policies on confidential reporting code, anti-fraud and anti-corruption policy and the Council's complaints process.
<ul style="list-style-type: none"> International Audit Standards on the risks associated with the impact of potential fraud and error on the Financial Statements 	<p>Seek assurance that the statements made against the standard accurately reflect the Council's counter fraud arrangements.</p>	To monitor Council policies on confidential reporting code, anti-fraud and anti-corruption policy and the Council's complaints process.
<ul style="list-style-type: none"> Risk Management Progress Report 	<p>Gain assurance that the Council is effectively managing its key risks – has good risk management systems / processes in place that enable decision makers to understand the level of risk being taken and the Council is prepared to accept.</p> <p>That there has been on big surprises for the Council</p>	To monitor the effective development and operation of risk management and corporate governance in the Council

Audit Committee Work Plan – 2015/16			
	where it suffered significant financial loss or reputational damage.		
<ul style="list-style-type: none"> External Audit Grant Certification Report 	Seek assurances that claims and returns have been managed appropriately and that there are no significant errors that would result in loss of funding.		
<ul style="list-style-type: none"> External Audit Progress Report 	<p>Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.</p> <p>Note: Further assurance needed around impact / risks associated with early close down.</p>	To comment on the scope and depth of external audit work and to ensure it gives value for money	
<ul style="list-style-type: none"> Review of draft Annual Report on the work of the Audit Committee 	Provide assurance that the Committee has adequately discharged its terms of reference and has positively contributed to how well the Council is run.		
Other Assurance			
Internal Audit – External Assessment			

Audit Committee Action Plan – 2014/15			
Action	Terms of Reference Outcome	Key Delivery Activities	Who by and When
Clarify who should attend the Audit Committee and expectations on the information being presented.	<p>Ensure that relevant and focussed reports are presented. Provides more certainty that assurance is relevant & reliable</p> <p>Promote constructive challenge during meetings</p> <p>Strengthen accountability arrangements and the effectiveness of the Audit Committee</p>	<p>Reporting protocol developed</p> <p>Not yet started</p>	Audit and Risk Manager
Undertake a skills and knowledge survey to review and establish any training and development needs as a whole Committee.	Enhance the effectiveness of the Audit Committee	In progress	
<p>A number of areas for consideration regarding the work plan were identified last year, namely:-</p> <ul style="list-style-type: none"> • Reviewing and encouraging transparency in partnership decision making. • Understand and seek assurance over the governance and risks associated with our key partners. • Facilitate risk management training and awareness for members and staff. To 			

<p>clarify the understanding of the level of risk the Council is prepared to accept across its key activities / business units.</p> <ul style="list-style-type: none">• Overview of the constitution• Compliance with the Transparency Code <p>Are these areas which the Committee still wants to seek assurance around?</p>			
---	--	--	--