



County Offices  
Newland  
Lincoln  
LN1 1YL

18 January 2019

**Audit Committee**

A meeting of the Audit Committee will be held on **Monday, 28 January 2019** in **Committee Room One, County Offices, Newland, Lincoln LN1 1YL** at **10.00 am** for the transaction of business set out on the attached Agenda.

Yours sincerely

A handwritten signature in cursive script that reads 'Debbie Barnes'.

Debbie Barnes OBE  
Head of Paid Service

**Membership of the Audit Committee**  
**(7 Members of the Council and 2 Voting Added Members)**

Councillors Mrs S Rawlins (Chairman), A J Spencer (Vice-Chairman), P E Coupland, A P Maughan, R B Parker, P A Skinner and A N Stokes

**Voting Added Members**

2 Vacancies, Independent Added Persons



**AUDIT COMMITTEE AGENDA  
MONDAY, 28 JANUARY 2019**

Item	Title	Pages	Estimated Time
1	<b>Apologies for Absence</b>		
2	<b>Declaration of Members' Interest</b>		
3	<b>Minutes of the meeting held on 19 November 2018</b>	5 - 12	
4	<b>Combined Assurance Reports</b> <i>(To receive a report which provides the Committee with insight on the assurances across all of the Council's critical services, key risk, partnerships and projects. The Corporate Management Team will be in attendance to update on their combined assurance reports for each directorate)</i>	13 - 160	10.10 am
5	<b>External Audit Progress Report - January 2019</b> <i>(To receive a report by Mike Norman (Senior Manager, Mazars), which sets out the delivery of the Council's and Pension Fund External Audit for 2018/19)</i>	161 - 176	11.10 am
6	<b>Internal Audit Progress Report</b> <i>(To receive a report by Lucy Pledge (Audit and Risk Manager), which provides details of the audit work during the period 6th November 2018 to 10th January 2019; advises on the progress with the 2018/19 plan; and raises any other matters that may be relevant to the Committee's role)</i>	177 - 196	11.30 am
7	<b>Risk Management Progress Report - January 2019</b> <i>(To receive a report by Debbie Bowring (Principal Risk Officer), which invites the Committee to note the current status of the strategic risks facing the Council and make recommendations on any further scrutiny required)</i>	197 - 214	11.50 am
8	<b>Northamptonshire County Council Best Value Inspection - Lessons Learned</b> <i>(To receive a report by David Forbes (County Finance Officer), which provides the Committee with a summary from the Lessons Learned exercise completed following the publication of the Northamptonshire County Council Best Value inspection report)</i>	215 - 264	12.10 pm
9	<b>Work Plan</b> <i>(To receive a report by Lucy Pledge (Audit and Risk Manager), which provides the Committee with information on the core assurance activities currently scheduled for the 2019 work plan)</i>	265 - 272	12.40 pm

### **Democratic Services Officer Contact Details**

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**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](http://www.lincolnshire.gov.uk/committeerecords)



## **AUDIT COMMITTEE 19 NOVEMBER 2018**

### **PRESENT: COUNCILLOR MRS S RAWLINS (CHAIRMAN)**

Councillors A J Spencer (Vice-Chairman), R B Parker, P A Skinner and A N Stokes

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

Councillors: R G Davies and M A Whittington attended as observers.

Officers in attendance:-

Rachel Abbott (Audit Team Leader), Julie Castledine (Principal Auditor), Dianne Downs (Team Leader - Counter Fraud and Investigations), Matt Drury (Principal Investigator), David Forbes (County Finance Officer), Vicki Sharpe (Pay and Reward Lead), Jill Thomas (Principal Auditor), Fiona Thompson (Service Manager - People), John Wickens (Chief Digital Officer) and Emily Wilcox (Democratic Services Officer)

### 38 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor A P Maughan and P E Coupland.

### 39 DECLARATION OF MEMBERS' INTEREST

There were no declarations of interest.

### 40 MINUTES OF THE MEETING HELD ON 24 SEPTEMBER 2018

RESOLVED:

That the minutes of the meeting held on 24<sup>th</sup> September 2018 be approved as a correct record and signed by the Chairman.

### 41 PAYROLL PROGRESS REPORT

The committee received a report from the Strategic People Management Advisor, which provided an update on the council's payroll position and the steps being taken to address any risk of inaccurate payroll.

As a result of payroll receiving low assurance in the 2016/17 audit and limited assurance in the 2017/18 audit, the committee had requested regular updates on the progress in relation to the improvements in the payroll service.

**AUDIT COMMITTEE  
19 NOVEMBER 2018**

It was acknowledged that there had previously been a number of Agresso system issues that had contributed to the errors in payroll processing. A number of system fixes or manual workarounds had been developed to ensure accuracy of the payroll process from April 2018.

It was noted that a payroll audit had taken place in October 2018, which focused on testing the new controls that had been put in place to ensure that transactions were complete and accurate.

The Strategic People Management Advisor was pleased to inform members that following the recent audit, payroll had moved from a level of limited assurance to substantial assurance.

Although it was positive that the level of assurance had increased, officers acknowledged that there was still further work required to ensure that improvements continue to be made and the level of assurance is maintained, and there were a number of steps in place to ensure this.

Members were referred to Appendix A for more information on the recent audit.

Members were informed that there would be a further audit undertaken in March 2019, which would enable the continued testing of a number of recent process improvements to ensure that the progress continued. Officers proposed that a further report be submitted to the committee in June 2019 with the results of the audit.

Members were provided with an opportunity to ask questions, in which the following points were noted:

- Officers felt that the large reduction in payroll errors, queries and issues raised were a reflection of the improvements made within the payroll system as a whole.
- It was questioned why 'regulatory requirements had not been complied with' was only listed as a medium risk. It was confirmed that some statutory and maternity pay recalculations having not occurred, resulting in regulatory requirements not being met. However, as there were only a small number of people affected in comparison to the overall number of employees, it was only classed as a medium risk. Members were assured that managers were working to ensure the reporting was carried out to meet the statutory requirements.
- Officers were satisfied that manual adjustments were now in a manageable format.
- It was clarified that there was finance training planned for schools to ensure they could use the payroll system effectively. It was noted that work was also being done to make the payroll forms easier to use.
- Members were pleased that payroll now had substantial assurance.

RESOLVED:

That the report be noted.

**42     INTERNAL AUDIT PROGRESS REPORT**

Jill Thomas, Principal Auditor, presented a report which provided details of the audit work undertaken during the period of 11<sup>th</sup> September 2018 – 5<sup>th</sup> November 2018.

Members were informed that during the above period, 8 audits had been completed and final reports issued in respect of each one.

The Principal Auditor outlined the results of the audits and gave a brief description of the work undertaken:

High Assurance was given to:

- Cash Management – Heritage Services
- Cash Management – Eastgate Children's Home
- Supplier Reliability

Substantial Assurance was given to:

- Domestic Homicide Review
- Cash Management – Business Support
- Cash Management – Music Services
- Cash Management – Registration Services
- Payroll Interim

The Principal Auditor highlighted a typing error in appendix A of the report, on page 54 of the main agenda. Members were referred to the updated document which had been circulated as a supplement.

The committee were advised that there were 8 audits at draft report stage, and 11 audits in progress. The details of each would be reported to the committee once the detail had been finalised.

Officers also highlighted that during September – November 2018, significant work had also been carried out by audit in relation to the Corporate Support Services Contract, as well as the Highways 2020 project.

Members were invited to ask questions, in which the following points were raised:

- It was confirmed that a 'lessons learnt' review was taking place which would look at the impact of the Lincoln Eastern Bypass when the contractor Carillion collapsed.
- One member questioned why payroll had received substantial assurance, rather than high assurance, and what needed to be done to increase the

**AUDIT COMMITTEE  
19 NOVEMBER 2018**

assurance. Officers explained that although drastic improvements had been made, there was still more work to be done to maintain a level of high assurance.

- Members were informed that officers would be reviewing the guidance around data retention and records management.

RESOLVED:

That the report be noted.

**43 COUNTER FRAUD PROGRESS REPORT TO 30 SEPTEMBER 2018**

The committee received a report from the Principal Investigator, which provided an update on progress made against the Counter Fraud Work Plan 2018/19.

Members were advised that strong progress was being made against the work plan for 2018/19, noting some of the key achievements:

- An annual update of the Fraud Risk Register had been completed
- A proactive review to detect Procurement Fraud had been completed.
- Work in other key priority areas of fraud risk had been delivered in 2018-19.

It was noted that the Lincolnshire Counter Fraud Partnership (LCFP) arrangements continued to support joint working to develop a strong, effective and sustained response to the threat of fraud across the county.

The Principal Investigator informed members that there had been an increase in fraud referrals, having received 13 fraud referrals in 2018/19 to date. It was noted that there had been an increase in social care referrals.

The committee were advised that during 2018/19, £7,210 had been recovered in relation to fraud cases. Officers expected this figure to increase with legal efforts to secure a further £39,000.

Members were provided with assurance that the council's fraud arrangements were effective, and that progress had been made against the counter fraud work plan.

Members were invited to ask questions, in which the following points were raised:

- It was clarified that although most types of fraud contained a level of cyber fraud, it had been categorised separately in order to acknowledge the high risk level.
- In response to a question, it was clarified that 31% of the referrals for 2018/19 were social care referrals, and that the majority were at a low level in comparison to the overall budget.
- Members were advised that officers would be reviewing guidance around the retention of data records to ensure that multiple copies of records weren't being stored unnecessarily.

RESOLVED:

That the report be noted.

44     WHISTLEBLOWING ANNUAL REPORT 2017-18

The committee received a report from the Principal Investigator which provided an overview of the council's whistleblowing arrangements throughout the year 2017/18.

It was noted that 36 whistleblowing concerns had been raised in 2017/18 had which was an increase of 24% on the previous year. Officers were encouraged by the increase, as they had continued to promote the whistleblowing facility and the importance of reporting concerns about wrongdoing.

Members were advised that work was being carried out to develop plans for the areas that posed the most significant threat, which included communicating with schools.

Members were referred to Appendix B of the report, which provided an updated Whistleblowing Policy. The policy had been updated to reflect changes in legislation.

Officers were of the view that the council's zero tolerance approach to whistleblowing continued to be successful

Members were invited to ask questions, in which the following points were raised:

- One member questioned how Lincolnshire County Council operated within the national context. In response, officers explained that participated in The CIPFA Fraud and Corruption Tracker (CFaCT) 2018, which was a benchmarking exercised ran by CIPFA.
- Officers advised that on a national scale, reporting was above average. It was noted that the council had a dedicated counter fraud team, which was not the case for all councils.
- It was likely that counter fraud cases would become more complex, but the team were currently managing well and were in a strong position to respond.
- In response to a question, members were informed that once concerns had been reported, the whistle-blower was offered verbal and written feedback to provide assurance that investigations had taken place.
- It was noted that the number of whistleblowing concerns raised was higher than the national average, which was thought to be a sign that whistleblowing was working well and that people felt confident in raising concerns.

RESOLVED:

That the report be noted.

**6**  
**AUDIT COMMITTEE**  
**19 NOVEMBER 2018**

45     WORK PLAN

The Chairman reminded members that a workshop focussing on the 'lessons learnt by Northamptonshire County Council' was taking place on Wednesday 19<sup>th</sup> December at 10:00am in the Council Chamber. All members were invited to attend.

It was suggested that for future Combined Assurance Status reports, it would be beneficial to put forward written to the directors prior to the meeting, to provide a focus and allow directors to prepare answers.

RESOLVED:

That the committee were satisfied with the work plan.

46     CONSIDERATION OF EXEMPT INFORMATION

RESOLVED:

That, in accordance with Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that if they were present there could be disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

47     IMT ICT GOVERNANCE UPDATE

The committee received a report from the Chief Digital Officer which provided an update on the council's IMT and ICT governance arrangements.

Members discussed the report and raised a number of questions for clarification on specific issues, to which officers responded.

RESOLVED:

That the report be noted.

48     IMT CYBER SECURITY UPDATE

The committee received a report from the Chief Digital Officer which provided an update on the council's IMT cyber security arrangements.

Members discussed the report and raised a number of questions for clarification on specific issues, to which the officers responded.

RESOLVED:

That the report be noted.

49     REPORTS FOR INFORMATION

50     NATIONAL AUDIT OFFICE - CYBER SECURITY AND INFORMATION  
       RISK GUIDANCE FOR AUDIT COMMITTEES

A copy of the Cyber security and information risk guidance for Audit Committees was circulated with the agenda pack for information

The meeting closed at 11.45 am.

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

Report to:	<b>Audit Committee</b>
Date:	<b>28 January 2019</b>
Subject:	<b>Combined Assurance Reports</b>

**Summary:**

The aim of this report is to provide the Audit Committee with insight on the assurances across all the Council's critical services, key risks, partnerships and projects.

**Recommendation(s):**

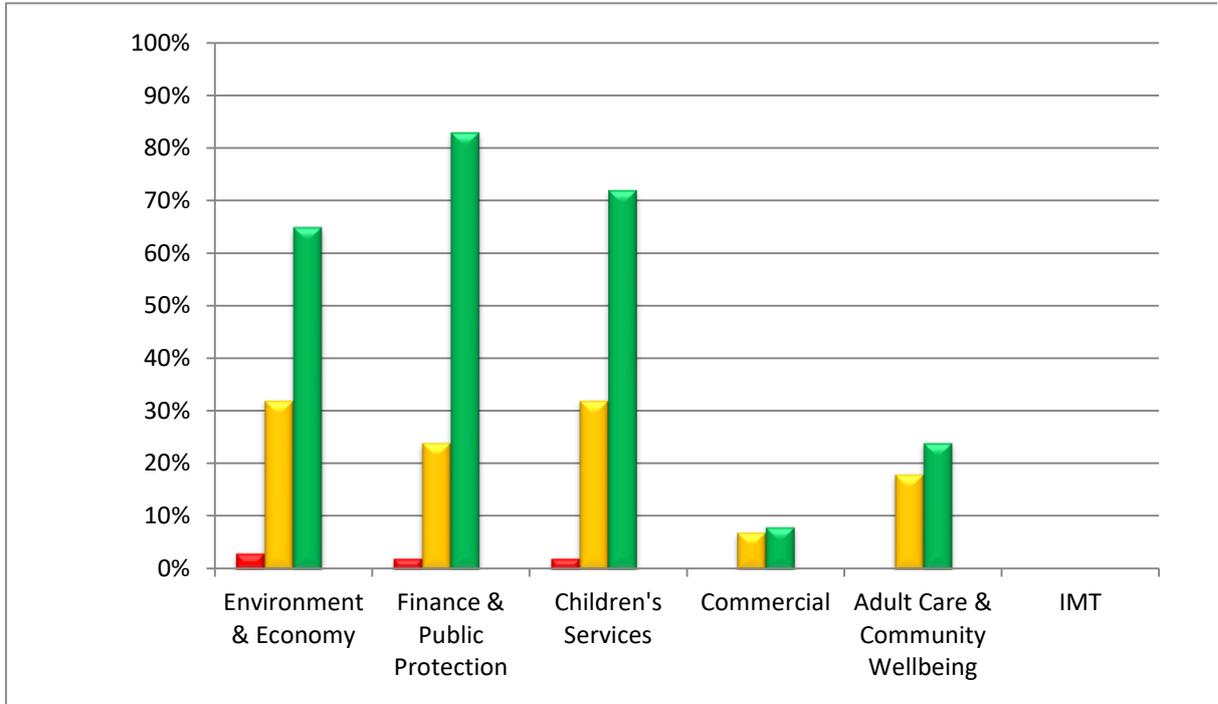
That the Committee review the combined assurance reports seeking assurance over the adequacy of the Council's governance, risk and control environment and makes recommendations on any further scrutiny requirements or actions.

**Background**

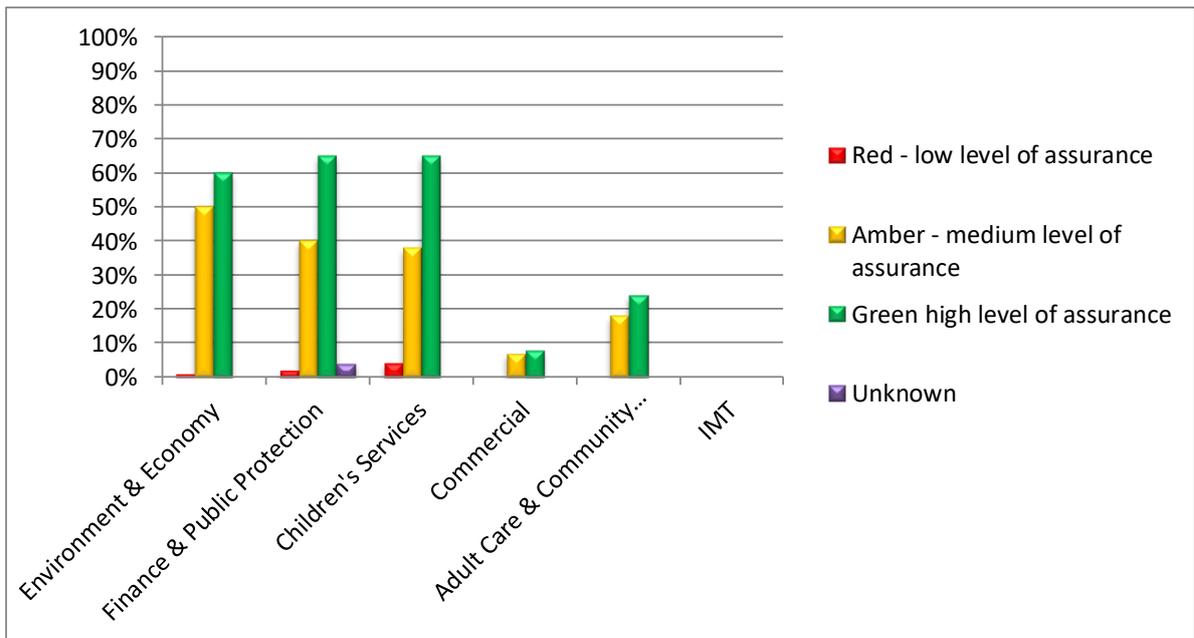
1. With the help of Internal Audit, each Director has produced a Combined Assurance Report that has co-ordinated assurance information across:
  - Critical service delivery activities
  - Key risks
  - Key projects
  - Key partnerships
2. Internal Audit have co-ordinated the overall assurance information to help ensure that it 'stacks up' and applied some constructive challenge on the assurance opinions being given **but** as accountability rests with management, it is the senior management's views that has determined the overall assurance status. This is in line with a control environment that promotes a culture where we:
  - take what we have been told on trust
  - encourage accountability with those responsible for managing the service and associated risks
  - provide some independent challenge / oversight where it matters most.

3. Overall there continues to be a high level of positive assurance, with slightly less areas of low assurance than last year. – **see below:**

**Figure 1 – Overall Assurance Levels 2018/19**



**Figure 2 – Overall Assurance Levels 2017/18**



4. There are a number of areas where there is a low level of assurance shown on critical activities - these relate to:

**Children's Services (Appendix C)**

- Agresso Re-engagement

**Finance & Public Protection (Appendix D)**

- Brexit – Potential Impact on Pension Fund Investment

**Environment & Economy (Appendix E)**

The following areas show a low level of assurance:-

- Libraries ICT
- Archives building fitness for purpose

5. Executive Directors will be present to respond to any questions the Committee may have on their respective Combined Assurance Status Reports and the associated assurance framework.

**Conclusion**

6. The reports confirm that all key areas and risks have been subject to assurance procedures. Overall there continues to be a high level of assurance, with slightly less areas of low assurance than last year.
7. There are 'no surprises' and the assurance framework remains strong demonstrating appropriate management oversight and monitoring.
8. The combined assurance reports provide the Committee with a good level of understanding about the level of assurances in place – supporting its 'watchdog' role and remit. In reviewing the Combined Assurance Status Reports the Committee may wish to consider:
  - whether the assurances given are reliable and adequately evidence
  - seeking direct assurance from the Corporate Management Board on how they consider the results of the assurances given
  - if any specific issue / risk should be referred to the Governance Group for consideration in the Council's annual governance statement
  - whether the reports 'realistically' reflect the Audit Committee's knowledge and understanding of the Council's governance, risk and assurance arrangements.

9. The information obtained from the combined assurance model will:
- streamline and avoid duplication of effort where assurance can be drawn from a third party or other sources
  - inform the Internal Annual Audit Plan 2019/20 by identifying where more independent assurance is required based on significance and risk.
  - Help inform the Head of Audit annual audit opinion 2019.
  - Help inform the development of the Council's Annual Governance Statement 2019.

## Consultation

### a) Have Risks and Impact Analysis been carried out?

No

### b) Risks and Impact Analysis

N/A

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Combined Assurance Status Report - Commercial
Appendix B	Combined Assurance Status Report - Adult Care and Community Wellbeing
Appendix C	Combined Assurance Status Report - Children's Services
Appendix D	Combined Assurance Status Report - Finance and Public Protection
Appendix E	Combined Assurance Status Report - Economy and Environment

## 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](mailto:lucy.pledge@lincolnshire.gov.uk) .

# Combined Assurance Status Report

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## What we do best...

**Innovative assurance services**

Specialists at internal audit

**Comprehensive risk management**

Experts in countering fraud

## ...and what sets us apart

**Unrivalled best value to our customers**

Existing strong regional public sector partnership

**Auditors with the knowledge and expertise to get the job done**

Already working extensively with the not-for-profit and third sector



# Combined Assurance Status Report

<b>Introduction</b>	<b>1</b>
<b>Key Messages</b>	<b>3</b>
<b>Critical Systems</b>	<b>5</b>
<b>Key Projects</b>	<b>7</b>
<b>Key Partnerships</b>	<b>8</b>
<b>Key Risks</b>	<b>9</b>

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# Combined Assurance Status Report

## Introduction

This is the sixth combined assurance report for the Commercial Team within the Council.

By grouping the different sources of assurance in a single model we provide the basis for Senior Management and Audit Committees to gain a better understanding of their organisations assurance status and needs.

We do this by coordinating assurance arrangements – providing some structure – this is our Assurance Map.

We have well established Assurance Maps that help us to focus our work plans on the make or break risks that affect the successful delivery of services and strategic objectives. The Maps also recognise the importance of critical business systems that support successful delivery and ‘protect the business’ – the due diligence activities.

The Maps give an overview of assurance provided across the whole organisation – not just those from Internal Audit – making it possible to identify where assurances are present, their source, and where there are potential assurance ‘unknowns or gaps’.

The Maps are an invaluable tool for senior managers, providing a snapshot of assurance at any point of time. This report explores those assurances in more detail.

We gathered and analysed assurance information in a control environment that:

- takes what we have been told on trust, and
- encourages accountability with those responsible for managing the service.

## Scope

We gathered information on our:

- **Critical systems** – those areas identified by senior management as having a significant impact on the successful delivery of our priorities or whose failure could result in significant damage to our reputation, financial loss or impact on people.
- **Due diligence activities** – those that support the running of the Council and ensure compliance with policies.
- **Key risks** – found on our strategic risk register, operational risk registers or associated with major new business strategy / change.
- **Key projects** – supporting corporate priorities / activities.



# Combined Assurance Status Report

➤ **Key partnerships** – partnerships that play a key role in successful delivery of services

## Methodology

To ensure our combined assurance model shows assurances across the entire Council, not just those from Internal Audit, we leverage assurance information from your 'business as usual' operations. Using the '3 lines of assurance' concept:



Our approach includes a critical review or assessment on the level of confidence the Board can have on its service delivery

arrangements, management of risks, operation of controls and performance.

We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- Considering other information and business intelligence that feed into and has potential to impact on assurance.

We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.

The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge **but** as accountability rests with the Senior Manager we used their overall assurance opinion.



# Combined Assurance Status Report

## Key Messages

The Commercial Team is responsible for procurement across much of the Council, contract management of services within the Adult Care & Community Wellbeing Directorate and of the corporate support services contract. The team carries out market management and market intelligence is being developed. An overarching Commercialisation Strategy and action plan potentially transforming the Council's approach to operating more commercially has been agreed and will be implemented following the arrival of the Commercial Director.

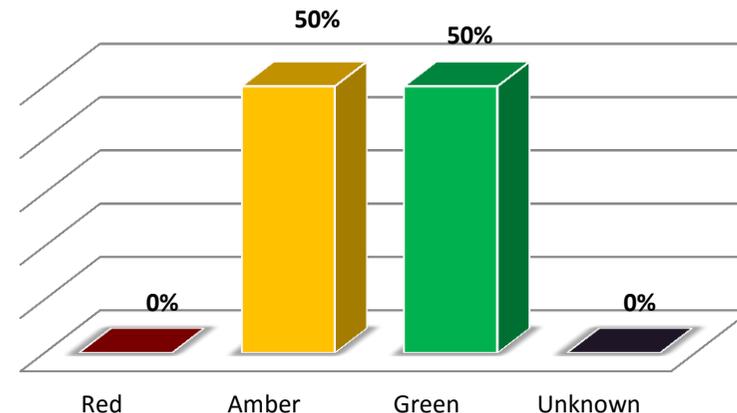
Effective market support by the Team in the Adult Care sector has seen material improvements in CQC provider ratings in county. The Team's work was commended by the Adult Social Care Peer review in May 2018. "We were very impressed with your contracts management, commissioning and procurement processes, they are well established in Lincolnshire and your relationships with, and involvement of, your providers is excellent."

The Team has extended its remit within the Council and as a result is now providing procurement to Waste Services whilst working on key strategic activity, including the development work for the Council's future IT service, the new Highways Alliance contract worth over £500M, and the development of a new waste commissioning strategy.

Performance under the corporate support services contract has improved significantly, substantial assurance has been attained on the payroll function and the Council's strategic partnership with Serco has been extended in large part for a further 2 years until 2022 at a price which is affordable.

A draft Procurement Strategy for April 2019 has been developed and will go to the Commissioning and Commercial Board in January for review. This advocates the use of frameworks where possible to preserve resource for more strategic procurements.

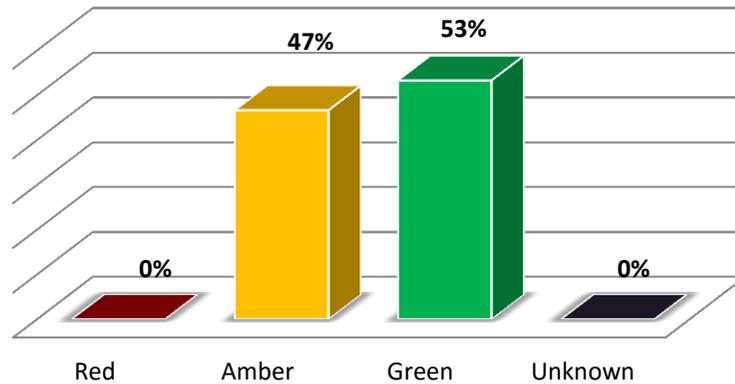
### Overall Assurance Status 2018/19





# Combined Assurance Status Report

## Overall Assurance Status 2017/18



to the safe and effective delivery of services. Choice is increasingly difficult to secure in some parts of the county. We have also seen reduced interest in procurement opportunities, with recent examples being IT Services, Leisure, Fleet, Waste and in some areas of the county's Transport. Furthermore, there is no obvious market at all, for some local council outsourced back office services, such as Payroll, Customer Service Centre and Payments.

These external factors need to be reflected in the Council's commissioning decisions so that strategies can be devised to manage the fragile market. Continued Council working with Health should be beneficial to the Adult Care and Wellbeing market place and should the day to day support offered by the Council.

## Suggested next steps.....

### KEY CHALLENGES:

Broader pressures within the market are being felt with local government no longer being the market of choice for many. We have seen Carillion and Allied Care fail this year and the profits of other large well established providers are falling.

In the Health and Social Care system staff recruitment and retention particularly nurses continues to represent a real risk

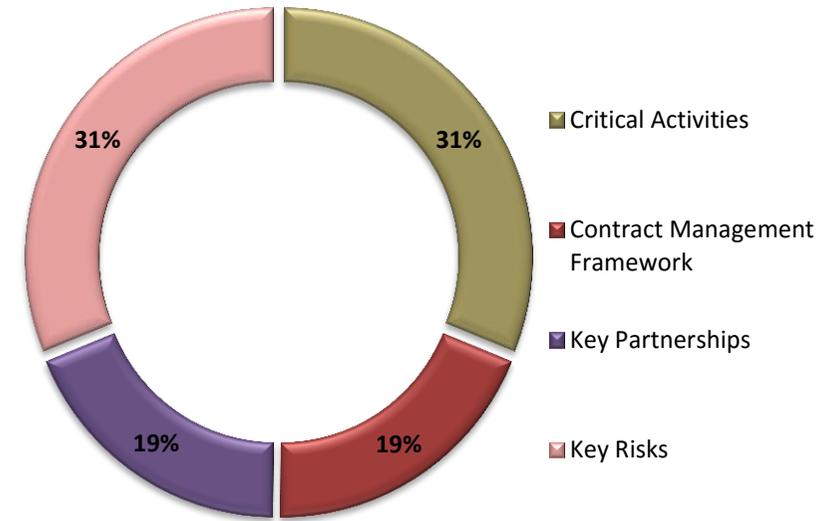


## Critical Systems

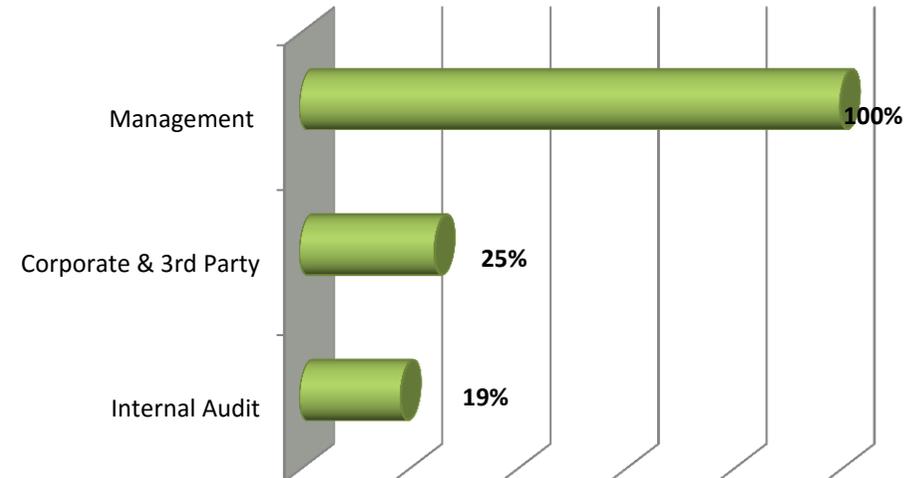
The contract management framework continues to be used effectively. To date it has not been possible to digitise it but this continues to be a work in progress.

The Team continues to maintain current procurement advice focusing on the most critical areas of compliance such as evaluation. 24 days of advanced regulatory training has been delivered across the Council over the last 18 months and all high value procurements within the Council have been supported.

Serco's KPIs are meeting all of their challenging KPIs most of the time. It has been agreed that Serco are no longer responsible for the channel shift activity committed to in 2015 instead the Council has contracted for a new web platform with Jardu and the expectation is that by the summer it will be possible to carry out increased transactional activity on the web.



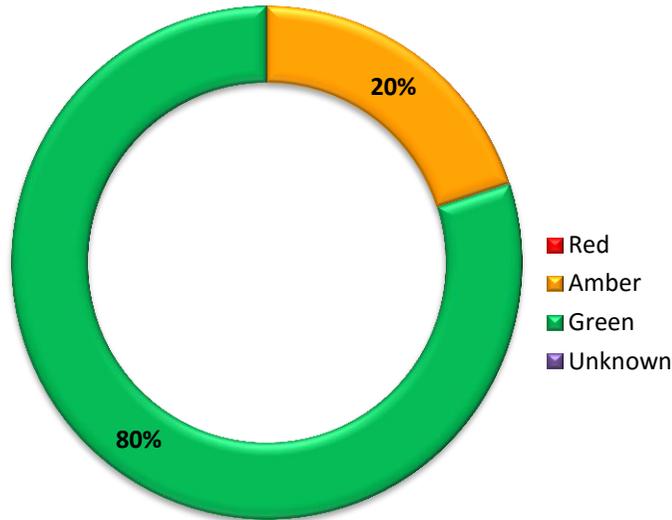
## Who Provides Your Assurance





# Combined Assurance Status Report

## Critical Activities



### Overall Comments

Demand for services and support remains high.

The Team sometimes has little oversight of the Council's commissioning and procurement intentions. A single programme of work managed and maintained across the Council would help manage this. A clear understanding of commissioner and commercial roles and streamlined governance where appropriate, would release some additional capacity to cope with increasing workloads.

Management takes responsibility for assurance activity and for the advice given by the Team.

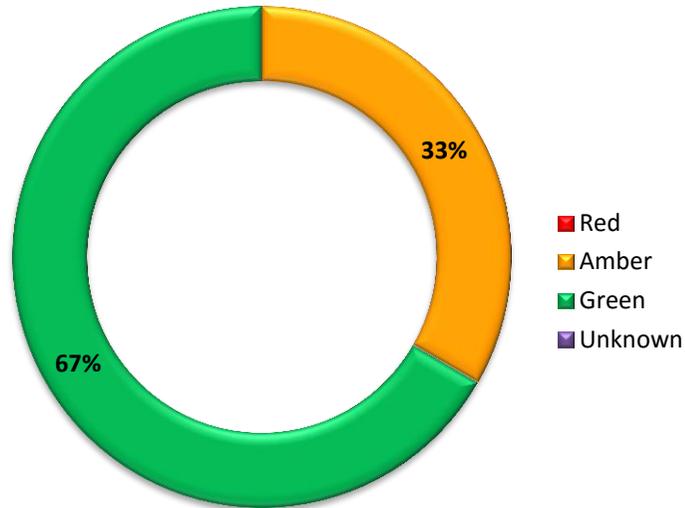
### Overall Assurances

Green	Amber
Guidance on good procurement and compliance assurance activity	Procurement
Contract management Adult Care and Community Wellbeing	
Management of Commissioning and Commercial Board	
Contract management Serco	



# Combined Assurance Status Report

## Key Projects



## Overall Comments

The Team has put together a proposed prioritised plan for the implementation of commercialisation practices across the Council. This will be reviewed with the Commercial Director shortly after he arrives at the Council. Until then commercial activity will continue to be delivered to key projects and the Commissioning and Commercial Board will continue to meet.

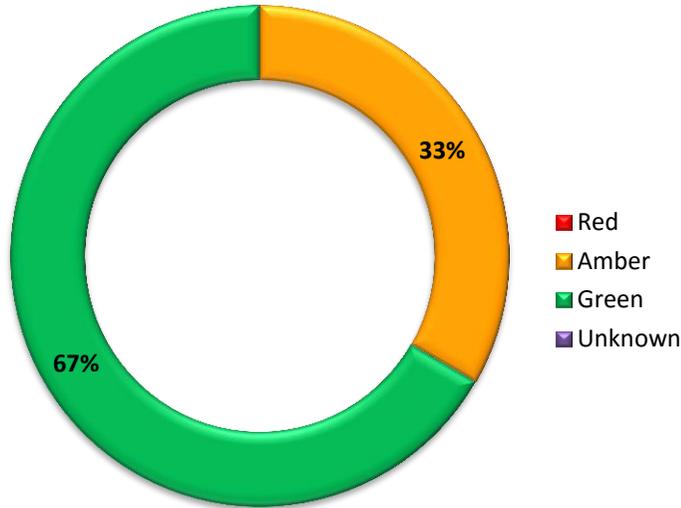
## Overall Assurances

Green	Amber
Contract Management Framework	Fairer Funding
Commercialization Project	



# Combined Assurance Status Report

## Key Partnerships



## Overall Comments

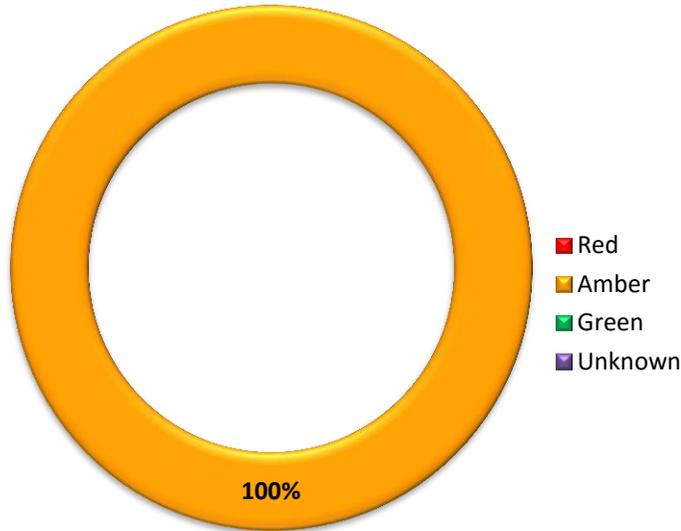
The shared procurement service Procurement Lincolnshire continues to operate but there are now only 2 District Councils who are full members of Procurement Lincolnshire. This could lead to funding difficulties in the future but to help mitigate that flexible arrangements have been put in place enabling the Districts to buy as much or as little of the service as they like and they are taking advantage of this which is securing additional funding into the Team. Further for now the high demand for support to the County Council has more than displaced any reduced District Council demand.

## Overall Assurances

Green	Amber
Lincolnshire Community Health Service	Procurement Lincolnshire
ESPO	



## Key Risks



Amber
Strategic Contracts (S)
Insufficient Resources to cope with peaks in demand including supporting all council priorities (O)
Capacity of residential homes (O)
Capacity of workforce community based service (O)

## Strategic Risks

Council's highest rated Strategic Risks for this area of the business

**Strategic Contracts**

As part of the agreed fundamental review of the strategic risk register the current strategic risk remains in place and no additional strategic risks were identified.



# Combined Assurance Status Report

## Strategic Risk Register

Version: 1.2

Reviewed: January 2019 (links to Commissioning Strategies January 2015)

Owner: Chief Executive

No of Risk	Risk Own	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
9	Sophie Reeve / CX	<b>Strategic contracts</b> Ensuring contracts and markets (other than adult care) are fit for purpose	<b>Creative &amp; Aware (Finance &amp; money)</b> - We wish to reduce cost and improve performance by well measured risk taking incorporated into our contracts which accurately and comprehensively record the commercial deal struck. We are prepared to fund capital expenditure where it makes sense to do so.	<b>Creative &amp; aware/ cautious (Partnerships -)</b> Recognised that we work differently with different contractors / partners)			Limited	Improving	<b>Existing controls</b> <ul style="list-style-type: none"> <li>• Business cases</li> <li>• Options appraisals</li> <li>• Access to commercial team advice and support</li> <li>• Access to legal advice and support</li> <li>• Use of industry standard contracts e.g. NEC</li> <li>• Service area internal quality assurance processes</li> <li>• Project decision making and governance including accountable decision maker</li> <li>• CPPR</li> <li>• Contract regulations</li> <li>• Extended Serco Contract for at least a further 2 years</li> </ul> <b>New / Developing controls</b> <ul style="list-style-type: none"> <li>• Developing library of contract precedents</li> <li>• Developing Standard Operating Procedures</li> <li>• Commercial awareness training</li> </ul>

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# Combined Assurance Status Report



## What we do best...

Innovative assurance services

Specialists at internal audit

Comprehensive risk management

Experts in countering fraud

## ...and what sets us apart

Unrivalled best value to our customers

Existing strong regional public sector partnership

Auditors with the knowledge and expertise to get the job done

Already working extensively with the not-for-profit and third sector



# Combined Assurance Status Report

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Adult Care and Community Wellbeing**  
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# Combined Assurance Status Report

## Introduction

This is the sixth combined assurance report for Adult Care and Community Wellbeing within the Council.

By grouping the different sources of assurance in a single model we provide the basis for Senior Management and Audit Committees to gain a better understanding of their organisations assurance status and needs.

We do this by coordinating assurance arrangements – providing some structure – this is our Assurance Map.

We have well established Assurance Maps that help us to focus our work plans on the make or break risks that affect the successful delivery of services and strategic objectives. The Maps also recognise the importance of critical business systems that support successful delivery and ‘protect the business’ – the due diligence activities.

The Maps give an overview of assurance provided across the whole organisation – not just those from Internal Audit – making it possible to identify where assurances are present, their source, and where there are potential assurance ‘unknowns or gaps’.

The Maps are an invaluable tool for senior managers, providing a snapshot of assurance at any point of time. This report explores those assurances in more detail.

We gathered and analysed assurance information in a control environment that:

- takes what we have been told on trust, and
- encourages accountability with those responsible for managing the service.

## Scope

We gathered information on our:

- **Critical systems** – those areas identified by senior management as having a significant impact on the successful delivery of our priorities or whose failure could result in significant damage to our reputation, financial loss or impact on people.
- **Due diligence activities** – those that support the running of the Council and ensure compliance with policies.
- **Key risks** – found on our strategic risk register, operational risk registers or associated with major new business strategy / change.
- **Key projects** – supporting corporate priorities / activities.
- **Key partnerships** – partnerships that play a key role in successful delivery of services.



# Combined Assurance Status Report

## Methodology

To ensure our combined assurance model shows assurances across the entire Council, not just those from Internal Audit, we leverage assurance information from your 'business as usual' operations. Using the '3 lines of assurance' concept:



Our approach includes a critical review or assessment on the level of confidence the Board can have on its service delivery arrangements, management of risks, operation of controls and performance.

We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- Considering other information and business intelligence that feed into and has potential to impact on assurance.

We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.

The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge but as accountability rests with the Senior Manager we used their overall assurance opinion.



## Key Messages

In the previous Combined Assurance Report for 2017/18 I was able to state that Adult Care was looking forward to a sixth year in which it had delivered a balanced budget. For this edition I am able to say that by the end of the financial year Adult Care and Public Health – as a combined Directorate - expects to deliver a balanced budget for the seventh year in succession. The reasons continue to be the same and performance continues to improve across a range of measures evidenced by the corporate performance report to the Executive.

However, this positive picture masks some underlying pressures, notably in securing a sufficient level of good quality social care services in a large, dispersed county. The recent experience of the Allied contract 'failure' both nationally and locally gives voice to concerns that social care provision is under significant pressure.

At the same time the costs associated with supporting increasing numbers of working age adults with profound disabilities is where the greatest financial pressure lies and, where new options to support them must be developed if we are to meet needs and avoid catastrophic costs that cannot be sustained.

Then there are the weaknesses that beset the Council in terms of its 'digital offer' to both the people who work here and to our customers. Productivity gains, intelligence and the ability to offer self-service are all being held back by the years in which the ICT agenda in the Council has struggled to progress. Whilst there are signs of change this must be supported and encouraged as there are several years yet before the Council is able to look at its 'digital offer' with assurance.

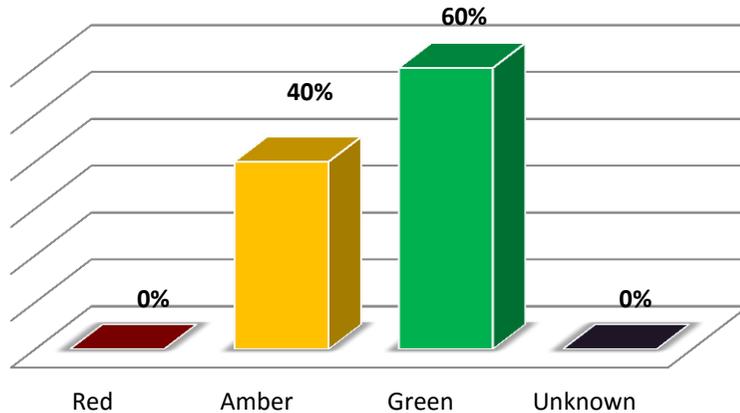
The opportunities that digital bring, coupled with a growth in better co-ordination and integration with health colleagues along with an improved level of collaboration and ambition with the seven District Councils and the housing agenda will be key elements in my ability in the years to come to report what today says a balanced budget with good to excellent performance.

My final observation is to thank my colleagues in the Directorate – whatever their job title, social care providers across the County and corporate colleagues and, the ongoing support of Members of the Council for this remarkable achievement.

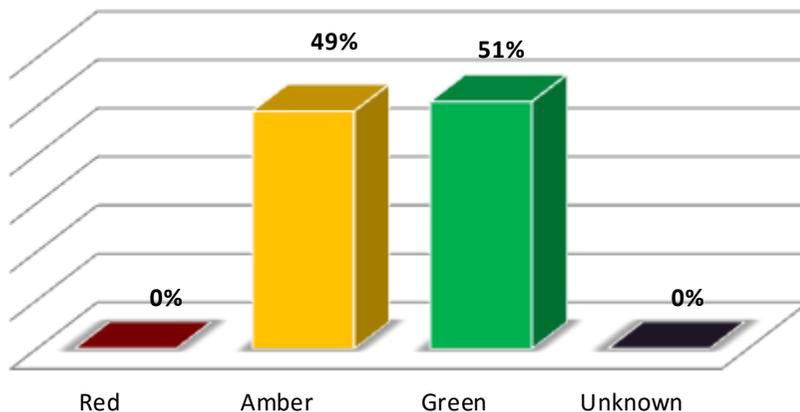


# Combined Assurance Status Report

## Overall Assurance Status 2018/19



## Overall Assurance Status 2017/18



## Suggested next steps.....

The agreed investment plan related to the Lincolnshire Better Care Fund (BCF) is being used to help address a number of elements detailed earlier – not least supply and quality in care markets, support to Neighbourhood Team development, ongoing investment into MOSAIC and performance around delayed transfer of care. This plan is regularly reported to the Health and Wellbeing Board and in various fora with NHS partners and, at Scrutiny Committee.

The recent announcement by government of an additional £240m to help relieve pressure on acute care will help further though it is unfortunately targeted at delayed transfers of care from hospital and not on helping keep people at home and thereby reducing pressure on A&E.

A regional 'challenge' day is held every year in September to compare performance and financial activity across 10 Councils in the East Midlands. This provides an excellent opportunity to learn from each other and identify further room for improvement and, where support is needed for more 'challenged systems'.

Of course the new Scrutiny Committee (initiated June 2017) and regular meetings with two Portfolio Holders secures a high level of political oversight and scrutiny.



# Combined Assurance Status Report

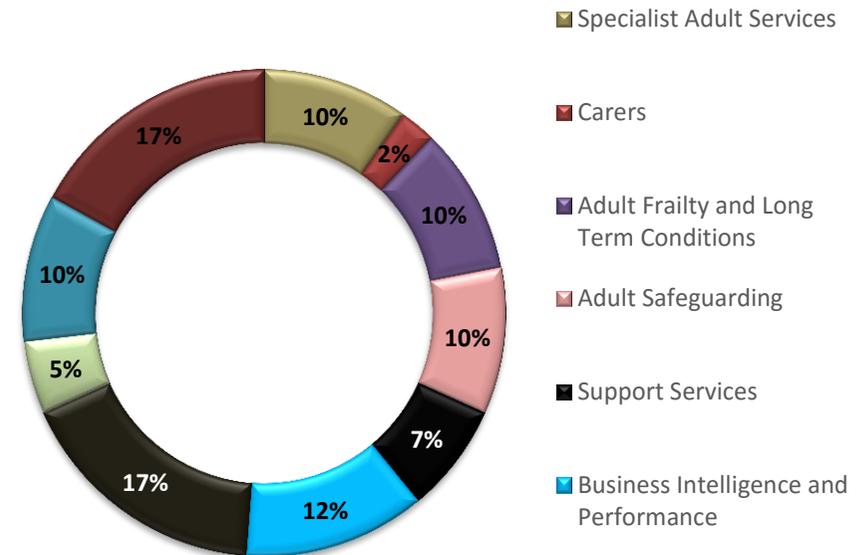
Building on earlier messages partnership is critical to future success and to that end the Housing, Health and Care Group that reports to the Health and Wellbeing Board is a key forum. The recently secured Extra Care facility in Lincoln is an early indication of this commitment. Future working with the NHS is also a key area of activity and, both will continue to receive support, encouragement and resources to ensure they are able to progress.

Finally, the ICT/Digital agenda remains a priority and, with the recent award of NHS Digital Funding (£70,000) will also help further improve the financial assessment service.

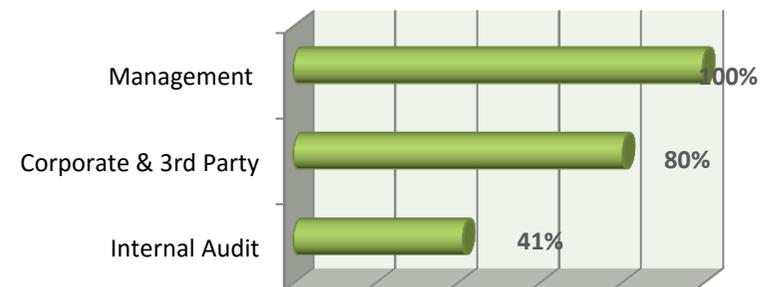
## Critical Systems

The Director area has a strong focus on quality, performance and cost (financial management) and, with a well-established relationship with the Finance Department, Commercial Unit and Audit Team provides a level of assurance on a habitual basis. The Director of Public Health chairs the Quality and Safeguarding Board, the Executive Director chairs the Directorate Management Team (DMT) meeting and the Executive DMT (with the two Portfolio Holders). All are regular meetings and secures regular and senior oversight across the Directorate.

## Critical Activities Across Service Areas



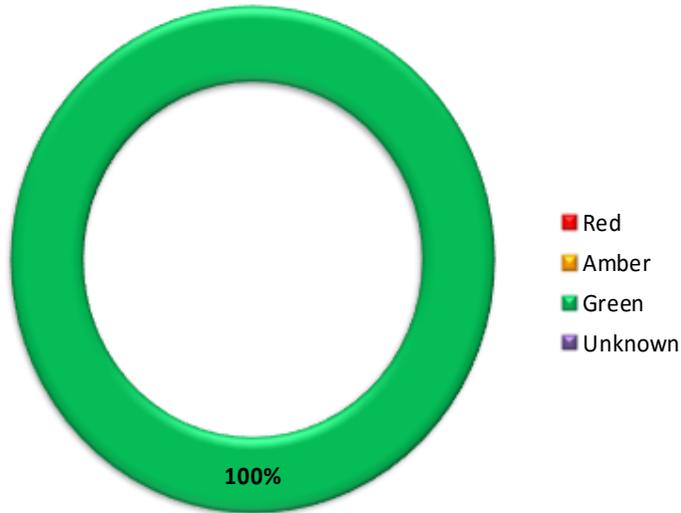
## Who Provides Your Assurance





# Combined Assurance Status Report

## Specialist Adult Services



### Overall Assurances

Area	Rating
Learning Disabilities and Autism	GREEN
Adult Social Care Mental Health	GREEN

### Overall Comments

Specialist Adult Services has been agreed as an overall Green Level of assurance meaning there are no specific and

significant risks that are of concern to Adult Care and Wellbeing.

Performance against National, Corporate and Directorate Key Performance Indicators remains good and services provide good Value for Money.

Feedback from stakeholders including service users and carers, health colleagues and other professionals continues overall to be positive.

### Management of Risk

In addition to the oversight of the service areas via DMT, Executive DMT and the Quality and Safeguarding Board additional challenge is applied via the Specialist Adult Services Joint Commissioning Board and the Learning Disability and Autism Co-Production Partnerships.

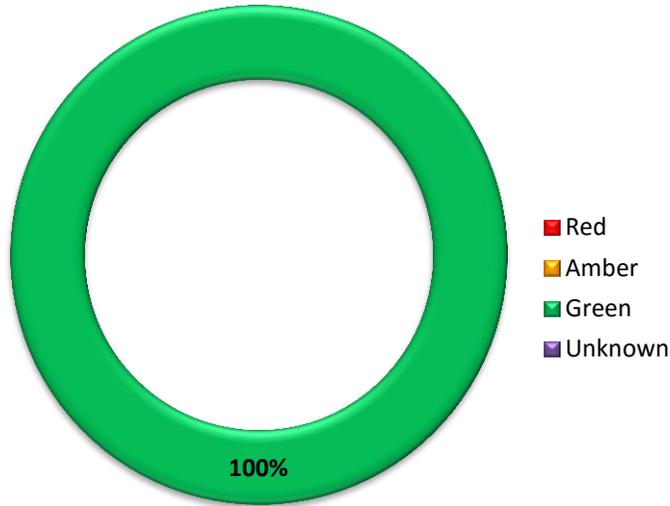
### Lower Assurance

Whilst there are no specific risks identified for Specialist Adults Services the Strategic Risk Register includes generic risks that are applicable to Adult Care and Wellbeing. In particular the ongoing pressures relating to growth in demand and complexity of need represent significant challenges in relation to Market Supply, Workforce and future funding pressures.



# Combined Assurance Status Report

## Carers



### Overall Assurances

Area	Rating
Carers	Green

### Overall Comments

In terms of assurance, the Council continues to increase the number of carers receiving support, partner engagement is good and the contracts with Carer's FIRST and Serco, which are performing well, have been extended. In addition:

- An ADASS Peer Review of Adult Care (June 2018) described the offer to Carers as "excellent, there are a high number of carers engaged with the Council, good quality advice and information and personal budgets are targeted at those with most need. We felt this supported your preventative offer and your demand management."
- The Carers Service was a finalist for the national HSJ (Health Service Journal) Awards 2018 for System Led Support for Carers, an award sponsored by NHS England, determined by a challenging national peer review.
- The Carer's Service is also a finalist for the LGC (Local Government Chronicle) Awards 2019 in two categories (Health and Social Care, Public/ Private Partnerships). This award is also determined by national peer review.

### Management of Risk

There are robust mechanisms in place to oversee all areas of work.



# Combined Assurance Status Report

Scrutiny of contract performance is achieved through contract management arrangements. Whilst the current contracts have been extended, this has been for 1 year of a possible 2, to help effect the required ongoing progress.

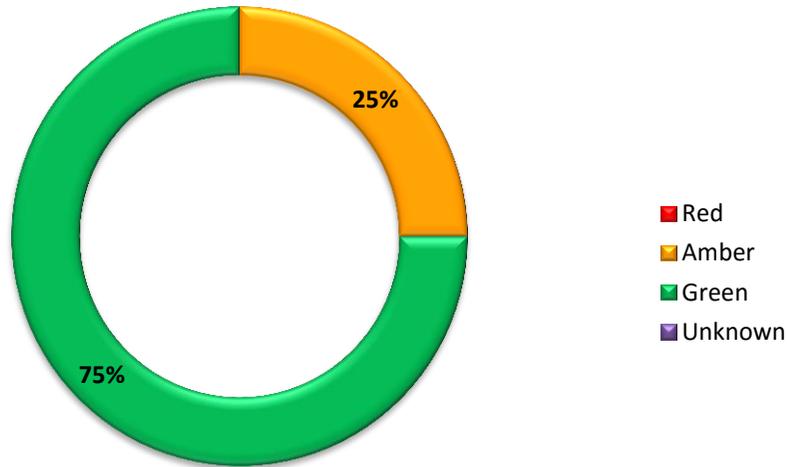
The Partnership Board has oversight of Strategy Delivery. Dates are in place in early 2019 to refresh the Delivery Plans. An annual report will be required by the Health and Wellbeing Board in June.

LCC's Adult Care and Community Wellbeing Scrutiny Committee has already commented on areas for inclusion in a refreshed Commissioning Strategy.



# Combined Assurance Status Report

## Adult Frailty and Long Term Conditions



Area	Rating
Brokerage	GREEN
Hospitals	GREEN
Workforce Development	GREEN
Adult frailty and LT conditions – assessment, reviews and case management	AMBER

### Overall Comments

Improvements have been made in many areas of performance in the last 12 months in particular relating to reviews where the Council Business Plan measure was met. We have implemented new workflow processes to improve timescales and visibility across all areas of performance with the introduction of Mosaic.

Our workforce development team continue to provide high quality training and have increased the number of training events available to staff. In addition there are more mandatory training sessions to ensure staff are equipped to undertake their role.

The hospital teams continue to perform well with DTOC attributable to Social Care being amongst the top quartile in the country.

### Management of Risk

Monthly performance is reported at a Divisional Management level as well as with individual Management teams with Assistant Director and County Managers in attendance. In addition each quarter a performance report is submitted against each strategy as well as being reported through Council Business Plan. DMT also review performance with



# Combined Assurance Status Report

escalated issues also being reported and monitored through Exec DMT.

Quality assurance audits in relation to case management are undertaken monthly and a quarterly report is submitted and monitored via the Quality and Safeguarding Board.

Complaints are also monitored by the directorate with quarterly reporting going to the Quality and Safeguarding Board as well as the annual corporate monitoring and measuring. This information is triangulated and fed into our workforce development for targeted support and training as well as learning from complaints being shared across the service via action plans. Assistant Directors and County Managers take ownership and oversight of this process.

## **Lower Assurances**

An audit undertaken in 2016 demonstrated limited assurance. Improvements in this area have been highlighted in the overall comments with targets being met in these areas. Work is continuing to improve and develop case management through the evolution and introduction of Mosaic.

Recruitment both internally to Adult Frailty and Long Term Conditions remains challenging, particularly in relation to experienced registered staff members such as Social Worker and Occupational Therapists. A significant amount of work

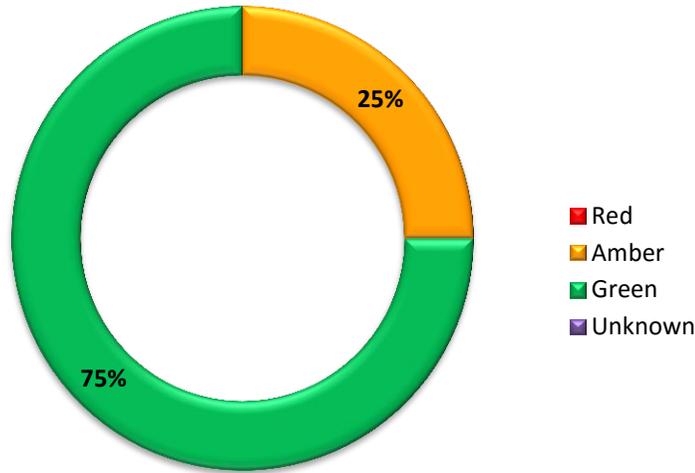
has been done in this area to improve our recruitment and retention internally taking learning from other directorates, as well as close working with colleagues in HR. A more strategic approach to recruitment has been implemented with a rolling programme of recruitment, and we are beginning to see the return on investment. All options are being explored to address this in terms of recruitment including resource being targeted to a 'grow your own' programme of training for Social Workers and OT's. Full use of the apprenticeship programme will also be taken up once the national standards for these are released.

We continue to work closely with our sector Strategic Support Partner (LINCA) to develop a workforce strategy for Lincolnshire and are actively engaged in supporting the wider workforce challenges facing health and care nationally and locally.



# Combined Assurance Status Report

## Adult Safeguarding



### Overall Assurances

Area	Rating
Lincolnshire Safeguarding Adults Board	GREEN
Safeguarding Adults Team	GREEN
Emergency Duty Team (Adults)	GREEN
Deprivation of Liberty Team	AMBER

### Overall Comments

Successive Peer Reviews have provided positive assurance about the LSAB and Adult Safeguarding Function. The LSAB strategy and priorities have also been recently reviewed and reported to Adult Scrutiny Committee. The review of the EDT function is ongoing and is targeted at identifying opportunities for further integrated working and improved outcomes for those who need support out of hours.

### Management of Risk

Performance against relevant Corporate KPI's is good and compares well against benchmark audit families. Increasing demand is a generic risk but the work in progress to develop a Tri-Board Prevention and Early Intervention Strategy will help to improve outcomes for a wider cohort of vulnerable citizens. Progress is overseen by the Public Protection Board.

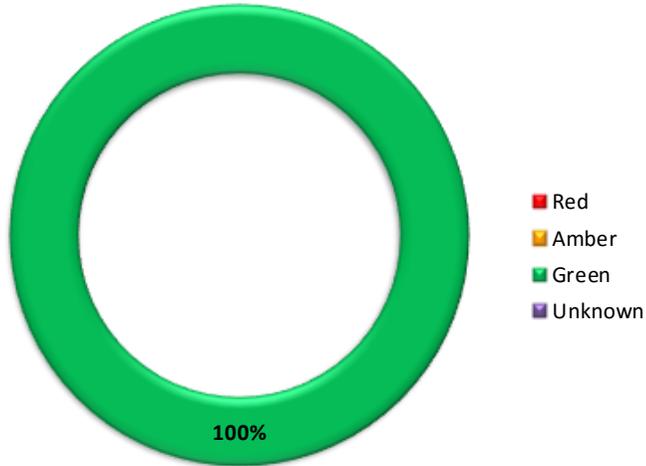
### Lower Assurance

The Cheshire West Judgement has put incredible pressures on all Local Authorities to consider the authorisation of a significant increase in DoLs authorisations. Whilst Lincolnshire's overall assurance in relation to DoLs remains at amber there has been agreement that DoLs should be removed from the LCC Strategic Risk Register given the excellent progress in managing the related inherent risk.



# Combined Assurance Status Report

## Support Services



### Overall Assurances

Area	Rating
Court of Protection and Appointeeship	GREEN
Budget and Financial Management	GREEN
Procurement and Contract	GREEN

### Overall Comments

The Executive Director for Adult Care and Community Wellbeing is responsible for a budget totalling £221.371m net, representing 46% of the Councils overall budget and so it is vitally important that the finances are well managed. We are also responsible for hosting the Lincolnshire BCF and a pooled budget (NHS/LCC) of £232.123m in 2018/19.

Adult Care and Community Wellbeing also act as the Council's appointed deputy and appointee for service users who have been assessed under the Mental Capacity Act as having no capacity to manage their financial affairs, and have no representative to act on their behalf. This role is undertaken by the Head of Finance and managed by Serco.

The Commercial Team - People Services undertakes Procurement and Contract Management activity on behalf of the Adult Care & Community Wellbeing directorate.

Robust assurance is in place in the form of:

- Weekly Management Team Meetings
- Monthly Time Out meetings where the Management Team review progress against our work plan
- Monthly management reports
- Fortnightly Procurement Governance meetings
- Fortnightly Contract Management Governance meetings



# Combined Assurance Status Report

- Monthly multi agency Service Quality Review meetings
- Live risk matrix for all contract types
- Contract Management Framework (standard templates and guidance for Contract Management)
- Standard templates for Procurement activity (work in progress)
- Staff development and training

A new 'Early Intervention' process is being implemented to provide greater support to contract officers with the aim of reducing the number of contracts reaching high risk. The process introduces peer support visits into the contract management framework.

## Management of Risk

Financial risks including those with respect to the council's role as appointed deputy are managed by members of the Strategic Finance Team who have specific expertise in all aspects of Adult Social Care. The finance team play a key role in liaising with all relevant partners and stakeholders to ensure they are able to provide advice and support in all areas of the service including day to day service delivery and in respect of areas of strategic importance including the BCF.

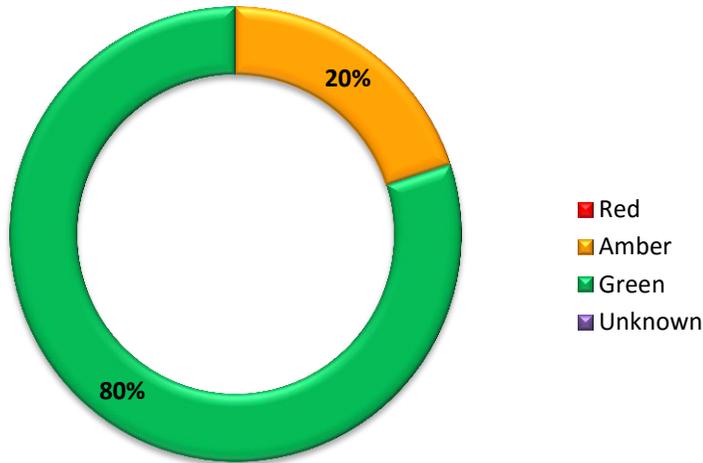
All contracts have an associated risk matrix. The risk matrix uses a range of data and intelligence to provide an overall assessment of provider/contract risk. Higher risk providers are subject to more frequent contract management visits.

High risk providers are subject to greater scrutiny through fortnightly Contract Management Governance meetings and monthly Service Quality Review meetings.



# Combined Assurance Status Report

## Business intelligence and performance



### Overall Assurances

Area	Rating
Business Intelligence and Performance	GREEN
Quality Assurance	GREEN
Information and Advice	GREEN
Mosaic	GREEN
Adult Care Finance	AMBER

### Overall Comments

This service area covers Business intelligence and Performance management, Quality Assurance, Information for the Adult care and Community Wellbeing Directorate. It also covers the administration, support and development of the MOSAIC case management system – which is a system used by Adult Care and Community Wellbeing, and Children's Services internal and commissioned services. The County manager for Quality and Information also acts as LCC service lead for the adult care finance functions undertaken by Serco as part of the Corporate Support Services contract and finance functions undertaken by LCC Business support.

### Business Intelligence and Performance

Data and performance reporting needs for adult care are met by the performance team. Strategic and operational reports are provided for internal use to manage team workloads, resources and to assist with commissioning of services. The team coordinates the submission of all Adult Care activity and survey statutory returns to NHS digital. This team also undertakes the performance management function of the Better Care Fund in Lincolnshire on behalf of the local Health and care commissioners in the county. This is a £200m+ annual programme of integration and improvement work.



# Combined Assurance Status Report

Performance output is assured through internal (DMT, Executive, Scrutiny) and external (NHS partners, NHS digital, ADASS) sources. Reporting processes and Performance data is benchmarked with other local authorities in national and regional comparisons. As identified in the assurance statement last year, there was a remaining risk to the continuation of a full reporting offer, following the transition from AIS to MOSAIC case management systems. During 2017/18 the ability to report fully from the case management system has been successfully restored through the development of Business objects reporting. A full range of strategic and operational reports are now available and provided on a regular basis to managers in Adult Care and Community Wellbeing teams and to external providers such as NHS LPFT.

Strategic intelligence needs for public health are met by the public health intelligence team. This consists of published evidence review and creation of a wide range of intelligence products through data analytics in support of public health service commissioning by LCC and health and care partners (including CCGs).

Internal assurance is through the use of systematic literature review methods, critical appraisal, and data and methods quality assurance which include standard QA testing

methodology and benchmarking. Outputs are peer reviewed by internal stakeholders, PH SMT and committees and boards (eg. scrutiny) as appropriate, as well as by external agencies where they utilise partner data, for example NHS Digital and Public Health England. External review and audit is carried out in relation to data quality, governance and security by data owners. In 2016 NHS Digital carried out a full audit of LCC with a focus on their Hospital Episodes Statistics data, which was successfully passed.

## Information and Advice

The team manage the authority's information and advice offer for adult care. This is through the provision of web based information, online training manual for internal and commissioned service staff, implementation of the accessible information standard and publication of public documents such as the Local account. This offer is assessed annually through the ADASS Sector-Led improvement assessment programme. The external offer was also judged as second best nationally by an Independent Age review of care act compliance.

The work of the team is managed through the Mosaic programme, Personalisation Board and for some elements – NHS STP Self-care board.



# Combined Assurance Status Report

This team also host the directorate's Digital Roadmap which is a plan to maximise the use of digital technology in adult care and community wellbeing. This is a growing area, which is benefitted from successful funding bids to NHS Digital and LGA during the year. Work in this area is reported to AC&CW scrutiny, DMT and a directorate internal IMT group. Externally funded projects are also subject to monthly highlight reports and monitoring of spend and progress from LGA and NHS Digital.

## **Quality assurance**

The work of this team is largely governed through the bimonthly Quality and Safeguarding Board - chaired by the Executive Director. This group oversees the quality of internal processes and practice in addition to externally commissioned services. There is a work programme in place for assuring the quality internally and externally across the four commissioning strategies in Adult care.

The team's work is managed through a detailed work plan and arranged around the three principles of Safe Services, Effective services and people's experience of care and Support. This includes the development and undertaking of ongoing customer feedback surveys and undertaking bespoke 'deep dive' assessments of quality. The work feeds back to

the Quality and Safeguarding board and is used to influence commissioning activity or social work practice.

## **Adult Care Finance**

This function is provided by Serco and covers the financial assessment of adults receiving social care, the payment of individuals and care providers and the management of individual's own monies through a court of protection or appointeeship/guardianship arrangement.

The contract specification for the corporate services contract sets out the services to be delivered and the measures by which performance is to be monitored. The service lead has monthly 121s with the service manager in Serco and monthly formal service review meetings with Serco and commercial team representatives. The monthly meetings utilise a risk log which allows issues and mitigating actions to be discussed in a formal way and progress to be monitored. The monthly performance is recorded in a 'performance book' which is signed off by all LCC service leads and used to inform the operations board, chaired by the Chief Executive.



# Combined Assurance Status Report

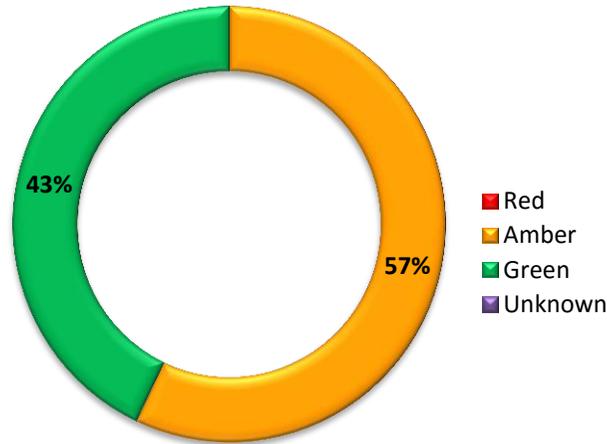
## Lower Assurances

There is an ongoing issue with the timeliness of financial assessments which are undertaken by Serco under the Corporate Support Services contract. The process is complex due to the introduction of new case management system Mosaic and the intention to integrate case management and finance systems. Mitigation is in place for the KPIs for this service, however some clients are experiencing long delays, which can lead to financial risk for the council and for the individual. A jointly agreed action plan has been put in place to resolve the situation, including agreed additional capacity for the team. This is monitored through fortnightly task and finish group meetings and monthly service meetings and 121's between service leads and the Head of service at Serco. The improvement plan is monitored through Adult Care and Community Wellbeing Directorate management team.



# Combined Assurance Status Report

## Wellbeing



## Overall Assurances

Area	Rating
Support to CCG's	GREEN
Health Protection	GREEN
Sexual Health Services	GREEN
Substance Misuse	AMBER
Housing Related Support	AMBER
Specialist Eqpt & Integrated Community Eqpt	AMBER
Wellbeing service	AMBER

## Overall Comments

The combined level of assurance across all services shows strengths and areas for improvement. No areas are rated below amber.

The most assured service areas are generally those over which we have most control, such as the professional services provided by Public Health colleagues to the NHS and the Health Protection services.

Those areas rated amber relate to increases in demand, newly commissioned services and preparations for re-commissioning.

Increases in demand (ICES) and the impact of national issues (Substance Misuse prescribing costs) can impact on slowly over time or quickly and unexpectedly. These services are being closely monitored and appropriate remedies are being applied but are rated amber to reflect the need for vigilance.

The cyclical nature of commissioning activity can reduce assurance overall as new models of service are implemented or new providers require time to fully establish their services (e.g. The Wellbeing Service).



# Combined Assurance Status Report

## Management of Risk

The management of risk in commissioned services is primarily through good procurement and effective contract management. Since October 2016, these functions have been delivered by Commercial Services colleagues.

Both teams work closely together throughout the service design process to determine the desired outcomes for each service and the most appropriate procurement processes and contract requirements (e.g. key performance indicators).

## Lower Assurances

- **Specialist Equipment and Integrated Community Equipment Scheme (ICES).** The service has experienced a significant increase in demand which is not necessarily inappropriate given that the service supports people to leave hospital in a timely way and to live independently. However, more people leaving hospital earlier, and using equipment for longer, impacts on the financial model. This may indicate that the current budget envelope needs to be increased. As a pooled budget, the Partnership Board is sighted on this and actively investigating further developments.
- **Substance Misuse.** Large increases in the cost of some opiate substitute medication have created financial pressures. A short term solution is in place for

2018/19 but a long term resolution is still being developed.

The commissioned service is running at maximum capacity. Workers carry very high caseloads to avoid waiting lists, with impacts on patient outcomes and staff turnover. Clients presenting are also more chaotic especially those using psychoactive substances such as spice. There is no budget flexibility at this time to address these issues.

Changes to Safer Lincolnshire Partnership priorities and the disbanding of the substance misuse strategic management board and delivery group mean governance responsibilities returned to Public Health but without resources to support this. This should be resolved within quarter 4 of 2018/19.

- **Housing Related Support (HRS).** This contract has been varied to enable delivery of additional work programmes funded by central government. This includes the ACTion Lincs programme to support entrenched rough sleepers. This has increased the number of very vulnerable people in scope and also the number of serious incidents. This is being closely managed to ensure that opportunities are not missed to prevent these occurring.



# Combined Assurance Status Report

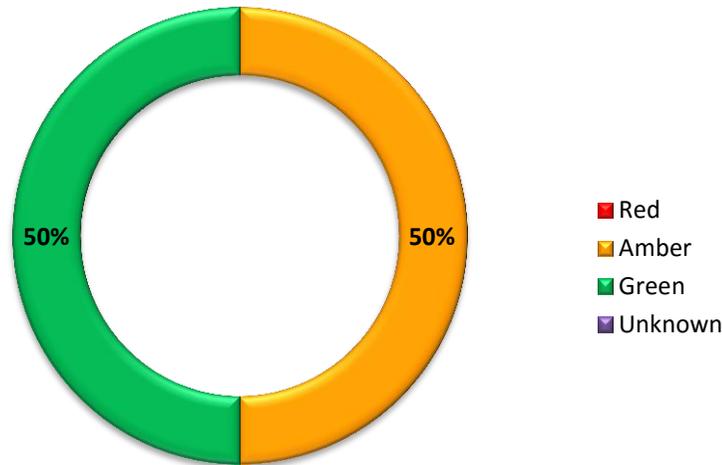
A mid-contract review identified changes to how HRS services are delivered, taking account of the new Homelessness Reduction Act and increasing complexity of service user needs. These are being implemented. Options for re-commissioning are currently being explored.

- **The Wellbeing Service.** The new service was successfully mobilised in April 2018. The transition to Wellbeing Lincs was very smooth and performance is strong overall. The service is receiving around 25 referrals per day, from around 270 different organisations. Over 95% of service users are achieving their outcomes. Some legacy issues have impacted in the early stages of delivery. These are being addressed and we are confident this will be recovered by the end of the first full year of delivery.



# Combined Assurance Status Report

## Key Projects



### Overall Assurances

Area	Rating
Mosaic	<b>GREEN</b>
Better Care Fund	<b>AMBER</b>

### Overall Comments

The Lincolnshire Better Care Fund (BCF) is a framework agreement between Lincolnshire County Council and the Lincolnshire Clinical Commissioning Groups (CCGs) and looks to pool funds from those organisations to help support

the national and local objective of closer integration between the Council and the CCGs.

### Management of Risk

The management of risk within the BCF is undertaken on behalf of the County Council by the Head of Finance for Adult and Community Wellbeing and on behalf of the Lincolnshire CCG's by the Chief Finance Officer of SWLCCG. Both officers lead the BCF S75 Finance Group which reviews and oversees all financial aspects of the fund providing regular reports to the various delivery boards and executive groups including the Joint Executive Team, Lincolnshire Health & Wellbeing Board and the CCG Finance & Quipp Delivery Committee.

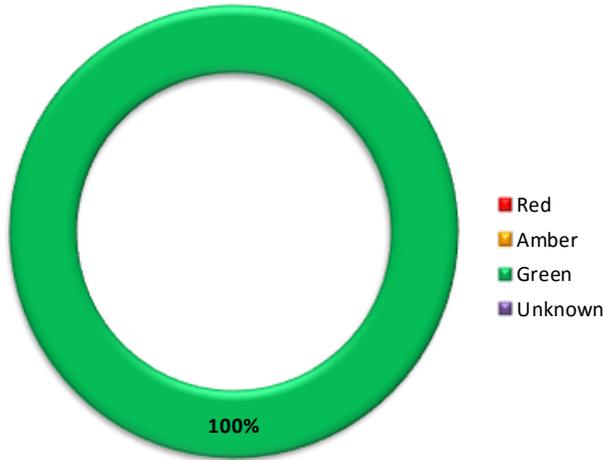
### Lower Assurances

The most significant area of risk with respect to the BCF is the lack of clarity concerning future funding of the BCF after 31<sup>st</sup> March 2020. A significant proportion of the BCF is used to underwrite AC&CW base budget pressures and as such the removal of the BCF will result in large gap between what the council needs to maintain a safe service and what the Council can afford.



# Combined Assurance Status Report

## Key Partnerships



## Overall Assurances

Area	Rating
Joint Delivery Board	GREEN
Health and Wellbeing Board	GREEN
Joint Strategic Partnership Board	GREEN
Lincolnshire Safeguarding Adults Board	GREEN

## Overall Comments

As indicated through this document the Directorate is now almost entirely interdependent upon strategic partnerships and it is these that have largely secured robust financial management with good performance. The amount of time dedicated to maintaining these either through soft-systems or commercial approaches remains high.

## Management of Risk

At a strategic level there remain two primary risks that have been identified that remain the responsibility of the Directorate to influence and oversee. The first of these is the availability and quality of social care services to meet eligible needs as identified by the Care Act 2014.

The second is the backlog of Deprivation of Liberty (DOLS) cases that have been generated following the 'Cheshire West' judgement in 2014. This created a ten-fold increase in demand for DOLS assessments both here and across the Country. Mitigations are in place with cases being prioritised and additional funds secured to increase capacity and, over time, reduce the backlog.



# Combined Assurance Status Report

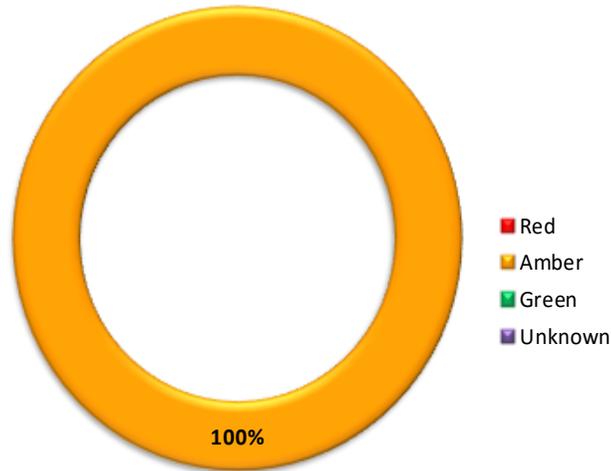
## Lower Assurances

Whilst not a matter best described as 'low assurance' it is important to highlight the very real and evident difficulties faced by NHS partners in Lincolnshire. Whilst the County Council is not responsible for these services it is a strategic partner and, in a number of areas heavily interdependent. As such it is prudent to remain close to NHS partners and support where appropriate to ensure Lincolnshire citizens are not unduly, and negatively, impacted.



# Combined Assurance Status Report

## Key Risks



## Council's highest rated Strategic Risks for this area of the business

**Safeguarding adults**

**Adequacy of market supply**

## Overall Assurances

Area	Risk Type	Rating
Safeguarding and Adults	Strategic	AMBER
Adequacy of Market Supply to meet eligible needs for adults	Strategic	AMBER
Financial Contributions	Operational	AMBER
Ices spend and Telecare frontline services	Operational	AMBER
Sustainability of Better Care Fund	Emerging	AMBER
Recommissioning of sexual health primary care contracts	Emerging	AMBER

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# Combined Assurance Status Report

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## What we do best...

**Innovative assurance services**

Specialists at internal audit

**Comprehensive risk management**

Experts in countering fraud

## ...and what sets us apart

**Unrivalled best value to our customers**

Existing strong regional public sector partnership

**Auditors with the knowledge and expertise to get the job done**

Already working extensively with the not-for-profit and third sector



# Combined Assurance Status Report

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<b>Key Messages</b>	<b>3</b>
<b>Critical Systems</b>	<b>8</b>
<b>Key Projects</b>	<b>35</b>
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**Executive Director, Children's Services**  
[Debbie.barnes@lincolnshire.gov.uk](mailto:Debbie.barnes@lincolnshire.gov.uk)





## Introduction

This is the seventh combined assurance report for Children's Services within the Council.

By grouping the different sources of assurance in a single model we provide the basis for Senior Management and Audit Committees to gain a better understanding of their organisations assurance status and needs.

We do this by coordinating assurance arrangements – providing some structure – this is our Assurance Map.

We have well established Assurance Maps that help us to focus our work plans on the make or break risks that affect the successful delivery of services and strategic objectives. The Maps also recognise the importance of critical business systems that support successful delivery and 'protect the business' – the due diligence activities.

The Maps give an overview of assurance provided across the whole organisation – not just those from Internal Audit – making it possible to identify where assurances are present, their source, and where there are potential assurance 'unknowns or gaps'.

The Maps are an invaluable tool for senior managers, providing a snapshot of assurance at any point of time. This report explores those assurances in more detail.

We gathered and analysed assurance information in a control environment that:

- takes what we have been told on trust, and
- encourages accountability with those responsible for managing the service.

## Scope

We gathered information on our:

- **Critical systems** – those areas identified by senior management as having a significant impact on the successful delivery of our priorities or whose failure could result in significant damage to our reputation, financial loss or impact on people.
- **Due diligence activities** – those that support the running of the Council and ensure compliance with policies.
- **Key risks** – found on our strategic risk register, operational risk registers or associated with major new business strategy / change.
- **Key projects** – supporting corporate priorities / activities.
- **Key partnerships** – partnerships that play a key role in successful delivery of services



# Combined Assurance Status Report

## Methodology

To ensure our combined assurance model shows assurances across the entire Council, not just those from Internal Audit, we leverage assurance information from your 'business as usual' operations. Using the '3 lines of assurance' concept:



Our approach includes a critical review or assessment on the level of confidence the Board can have on its service delivery arrangements, management of risks, operation of controls and performance.

We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- Considering other information and business intelligence that feed into and has potential to impact on assurance.

We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.

The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge **but** as accountability rests with the Senior Manager we used their overall assurance opinion.



## Key Messages

As a service area, we have high aspirations and a clear, shared vision for all of our children and young people. We are committed to Putting Children First: Working with families to enable them to enhance the current and future lives of their children.

There is strong political and managerial leadership of Children's Services with a stable, highly competent, and visible Leadership Team. Leaders have excellent relationships with partners and LCC staff as well as with schools, including academies. Integration best summarises our approach to the commissioning and delivery of good and outstanding services. We demonstrate true integration and focus on needs not silo working so families access joined up services.

The summary position is that the service continues to effectively identify, manage and mitigate risk through robust leadership and management, a strong performance led culture of accountability and the application of effective systems and processes across the whole service. This year has seen the service establish its own supported accommodation for young people, enabled us to continue on our improvement journey to integrate health services within our locality teams, as well as agreeing investment for pupils with special educational needs/disability, through the Building Communities of Specialist Provision Strategy. Partners in Practice work continues to

make a positive difference to the way we do things. This year has seen us testing out the new child and progress plan and assessment, launching the interim Early Help front door, the continuation of restorative practice and Signs of Safety training, more schools and foster carers joining the Care2Learn project and finalising the new Future4Me service. Community Hubs are set up in some of our children's centres are integrating midwifery services with a range of services such as early years, health visiting and early help. We now have hubs in Lincoln Birchwood, Grantham Swingbridge, Skegness and Boston. Our focus on the recruitment of skilled qualified staff especially social workers has produced significant results, lowering our use of agency staff and although this remains a priority, we need to apply those strategies to other ongoing recruitment and retention challenges such as the recruitment of qualified public health nurses.

Partnership arrangements are robust and the local arrangements ensure a clear and collective determination and drive to engage agencies in delivering a coherent approach to safeguard children, promote their welfare and ensure that they reach their potential with a strong focus on educational aspirations, Strategic action plans are well considered and comprehensive, and are underpinned by a strong shared vision and ambition with clear governance across all partnership arrangements. We have introduced a new Children's Integrated Commissioning Team. This team is



# Combined Assurance Status Report

working across Lincolnshire's Public Health, Children's Services and Clinical Commissioning Groups (CCGs) to look at integrated commissioning of children's health, care and education provision in Lincolnshire. Our partnership arrangements with health were considered to be strong at our local area inspection of services for children and young people with special educational needs/ disability.

The service constantly seeks new, innovative and most cost effective arrangements to improve practice across Children's Services and People Management. Our continued focus on prevention and early intervention is important and we hope that the new Future4Me team will help us to more effectively support young people engaging in risk taking behaviours. Managing demand across the service is recognised to be a national challenge with additional expectations placed on the Council. We have been fortunate to secure additional resources to meet this demand, but will ongoing budget challenges; we must find more innovative ways to manage demand

A further area of challenge is with the Agresso system and the Mosaic case management system which both impact negatively on service performance/ staff management. Significant staff time has been diverted from direct service delivery to address the ongoing challenges and we have more to do to enable Mosaic and Agresso to meet business needs. ICT as an enabler continues to be a challenge as staff do not

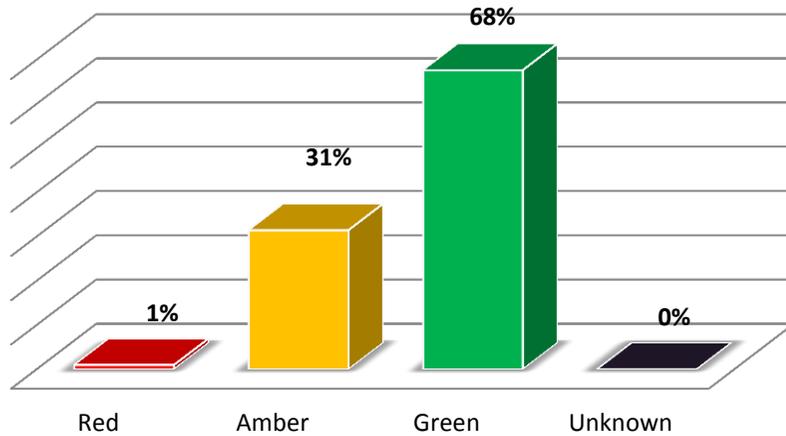
have access to equipment which supports them to work flexibly although the recent planned roll out of new ICT equipment will help to improve this issue. We must continue to focus on recruitment, and this year's priority areas are services for children with special educational needs/ disability and public health nursing.

As the Executive Director with responsibility for the People Management function, (which supports all Director Areas of the Council), there has been significant activity to review the current arrangements with a decision to insource the operational HR advisory services as well as the recruitment team. Moving forward we will review the structure to bring the teams together and review our policies to make sure they are effective and supportive.

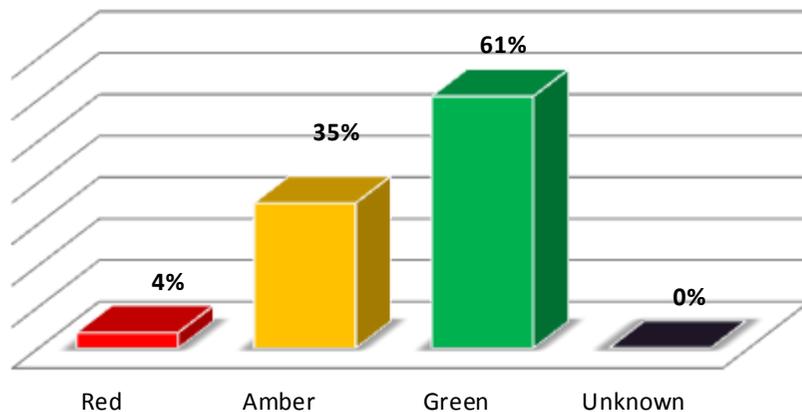


# Combined Assurance Status Report

## Overall Assurance Status 2018/19



## Overall Assurance Status 2017/18



## Suggested next steps.....

Over the past 12 months we have worked hard to deliver the key projects outlined in last years' report. The Executive have agreed our £50m investment in Lincolnshire's special schools – plus improved links with mainstream schools – which will transform Special Educational Needs and Disabilities (SEND) support for local children and young people. This exciting development will ensure children can attend their local school rather than having to travel huge distances for their education.

Students have once again risen to the challenge for GCSEs and A-levels. Provisional results from the vast majority of our schools show an improvement in the proportion of students attaining a good GCSE pass in English and maths. Overall, our schools have bucked the national trend by improving attainment, all the more impressive when you consider the sweeping changes to the grading system for GCSEs and coursework being scrapped. For A-levels, students have continued to achieve well with the provisional pass rate for A-level entries at 97.8% which is above the national average.

The launch of our Caring2Learn project has been a great success. This is about improving outcomes for our looked after children by establishing effective and sustainable support between education and foster care communities. The first Caring2Learn conference in Grantham recently, awarded 24 schools and 16 foster carers with certificates for their



# Combined Assurance Status Report

commitment to supporting vulnerable children in their education. We'll see many more come on board I'm sure.

A recent Ofsted/Care Quality Commission inspection confirmed our services for children and young people with SEND in Lincolnshire are strong and effective. Inspections have become much tougher, so I'm delighted the report highlights we are providing services to be proud of.

Our residential homes continue to provide high quality care and our new supported accommodation at Denton Avenue has been highly successful.

Earlier in the year following another inspection, Ofsted praised the support and services provided for our looked after children in Lincolnshire. They highlighted our stable and experienced teams who deliver high quality social work which improves outcomes for children in Lincolnshire.

Our Young Inspectors are going from strength to strength in providing added scrutiny support to our services from a young person's perspective. And the launch of Lincolnshire Young Voices, a newly formed group of young volunteers with SEND, is providing a voice for young people in the county to improve services.

Partners in Practice work continues to make a positive difference to the way we do things. This year has seen us testing out the new child and progress plan and assessment,

launching the interim Early Help front door, the continuation of restorative practice and Signs of Safety training, more schools and foster carers joining the Care2Learn project and finalising the new Future4Me service. Finally, we have responded to the national requirement for expanding apprenticeships into the workforce. We have undertaken significant procurements so we have a market for delivery and have apprenticeships across the council and in schools and our number of apprenticeships continue to increase although more work is needed if we are to meet the levy.

The next 12 months will see many of these projects fully implemented to enable us to realise the significant transformational opportunities:

- As a partner in practice we will complete the re-design of how we support families, embedding this new way of working into our systems and processes.
- We will embed the Future4Me service into our services to more effectively support young people engaging in risky behaviours
- We will fully integrate the 0-19 year's public health teams into our locality teams and drive up the performance for mandatory visits
- Meeting the needs of our looked after children who are preparing for independence and adulthood can be challenging for some of our most vulnerable. We will realise our ambitions for alternative supported



# Combined Assurance Status Report

accommodation options to ensure we can meet their needs within Lincolnshire

- We will work with Health to enhance our joint approach to commissioning for pupils with special educational needs / disability ensuring we have a clearly defined and integrated offer for families, especially for those with Autism / Attention Deficit Hyperactivity Disorder
- We will continue to respond to the national requirement for expanding apprenticeships into the workforce and continue to find new and creative ways to recruit into hard to recruit posts

We will build on our successful commissioning of services to improve young people's mental health and wellbeing to ensure that all young people, especially those who are most vulnerable, can quickly access services which meet their needs.

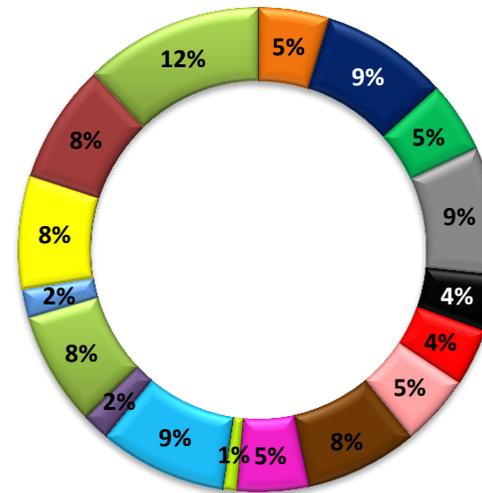
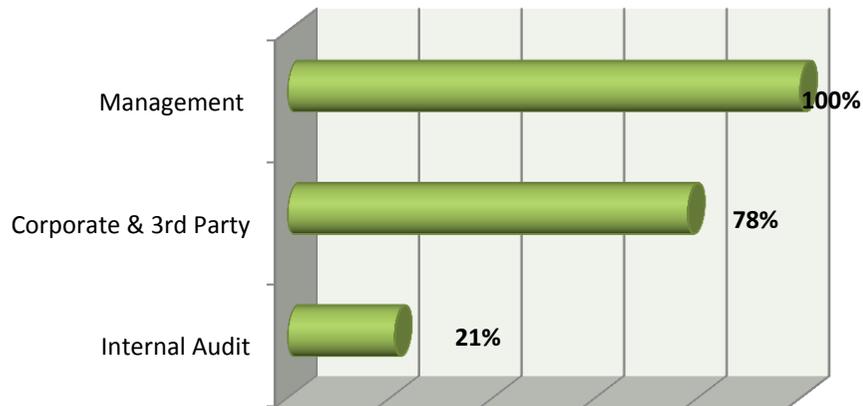


# Combined Assurance Status Report

## Critical Systems

Children Services is heavily regulated through our inspectorate Ofsted so third party assurance on the vast majority of our services are provided through this arrangement. In addition, the service has a comprehensive and robust quality assurance framework which works collaboratively with the Council's audit department to offer complimentary audit arrangements. Collectively these systems provide assurance on the quality of provision.

### Who Provides Your Assurance

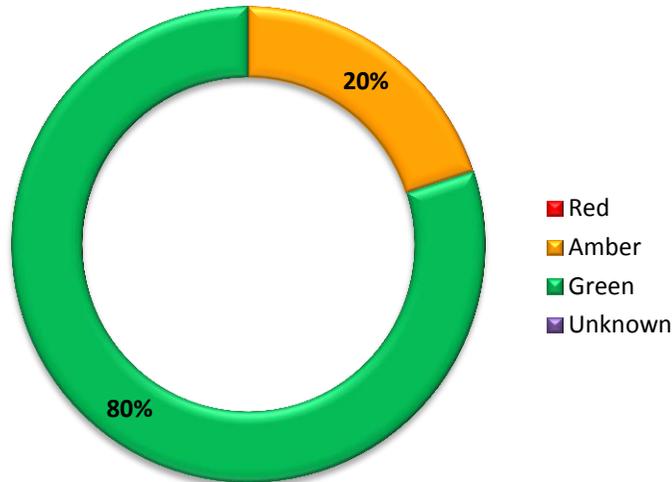


- Safeguarding Locality
- Safeguarding Regulated
- Children's Lead Early Help
- Early Years
- Quality and Standards
- Education of Children Looked After
- Youth Offending
- Commissioning and Performance
- Education Support
- Inclusion
- SEND
- School Improvement Service
- People Management
- Schools Finance
- Key Projects
- Key Partnerships
- Key Risks



# Combined Assurance Status Report

## Safeguarding Locality



### Overall Comments

All areas are closely monitored and regulated. Significant management oversight is in place. No major changes since last year. Further assurance can be gained from the Joint Targeted Area Inspections (JTAI) which did not highlight any concerns about safeguarding in localities. Further embedding in signs of safety has seen the voice of the child captured and implemented in safety planning. Recent independent scrutiny from an ex-Ofsted inspector has found that services remain of a good standard.

### Management of Risk

Risks are managed through a high level of management oversight and regulation. Senior managers are involved in assessing risk on individual cases through support panel. Children subject to a child protection plan are managed through the independent child protection process. Agreements for children to be placed in the care of the Local authority are made at senior management level.

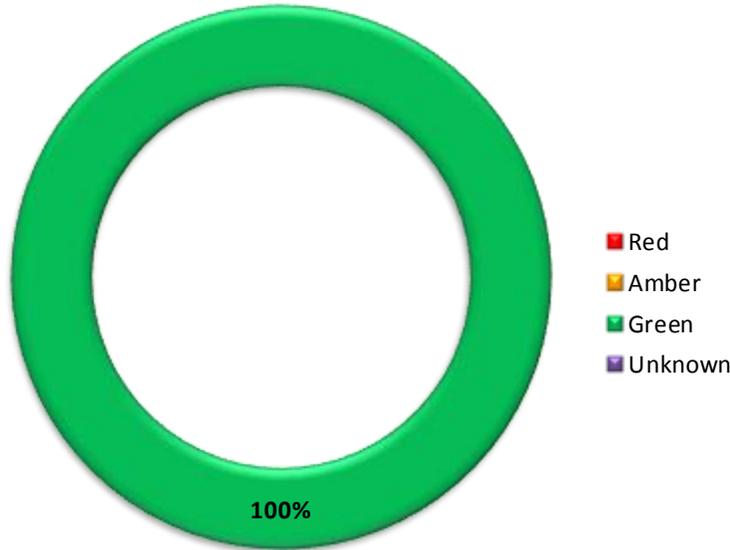
### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>Children's Emergency Duty Team</li> <li>Child Protection</li> <li>Care Proceedings</li> <li>Support Panels</li> </ul>	<ul style="list-style-type: none"> <li>Children in Need</li> </ul>



# Combined Assurance Status Report

## Safeguarding Regulated



### Overall Assurances

Green
<ul style="list-style-type: none"> <li>• Adoptions (Including Special Guardianship Orders)</li> <li>• Fostering</li> <li>• Private Fostering</li> <li>• Looked After Children (including Out Of County)</li> <li>• Children's Homes</li> <li>• Secure Unit</li> <li>• Care Leavers</li> <li>• Short Break Homes</li> <li>• Intensive Needs Supported Accommodation</li> </ul>

### Overall Comments

Regulated Services has continued to meet all targets in respect of key performance indicators, demonstrating that the services it delivers remain strong and ensures good outcomes for children and young people. The Corporate Parenting Panel, Safeguarding assurance days, rigorous auditing process and the Independent Reviewing Officers provide internal scrutiny of the activity and performance of the services provided to Looked After Children. The introduction of Social Pedagogy and scrutiny through the Regulation 44 officer and Ofsted has ensured that outcomes for Children Looked After within children's homes remain good or outstanding. Regulated Services continually monitors and evaluates its service at every stage of the child's journey through care to ensure quality and effectiveness.

As is evidenced through the Adoption Scorecard, performance remains strong compared to the National average. The progression of a child's plan for adoption is robustly tracked throughout the adoption process from commencement of the adoption plan through to the adoption order being made. This ensures that every stage of the child's journey is effectively managed to ensure the best outcome with minimal delay. The numbers of children waiting for an adoptive family continues to remain low. Ofsted conducted a focused visit April 2018, examining permanence arrangements for children in care. This provided assurance of a strong, stable workforce who



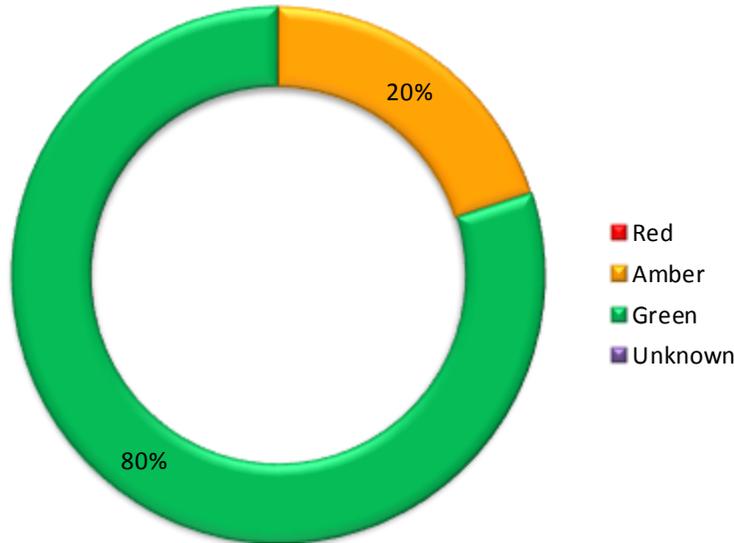
# Combined Assurance Status Report

deliver high quality social work, which improves outcomes for children.



# Combined Assurance Status Report

## Early Help Locality



### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>Family Information Service</li> <li>Early Help</li> <li>Contact Service</li> <li>Safeguarding</li> </ul>	<ul style="list-style-type: none"> <li>Troubled Families Programme</li> </ul>

### Overall comments

Locality Early Help teams have been in place since November 2015. As part of our Partner in Practice work the service is being reviewed to ensure that it is in line with all our strategic priorities and to ensure that intervening early with the right children young people and their families ensures they do not need to access statutory services.

Further work is planned through Partners in Practice to strengthen the response to adolescents who come into contact with Early Help as a result of their challenging behaviour at home. Building on the positive work already completed it is hoped a multi -agency response will prevent young people having to access statutory services, having their needs met at the earliest opportunity.

Early Help consultants continue to provide supervision, support and guidance to schools and other professionals and training, workshops and development sessions continue to be offered. The response to the National Troubled Families Programme remains strong and whole family working is fully integrated into the locality teams. There remains a strong focus on ensuring young people attend school and adults are supported to gain employment. The payment by results element of the programme is challenging however very recent changes to this at a National Level should enable our performance to improve.



# Combined Assurance Status Report

## Management of Risk

There is a need to review the capacity of the team, the priorities and to ensure families are able to access the right support from the right person and the right time. The review of Early Help will also ensure that staff are developing positive relationships with families to work with them restoratively, using interventions that work so families are able to sustain the changes in the future and not have a need for statutory services. Demand for services across all of Early Help requires us to continually review priorities ensuring our focus in on supporting families to find their own sustainable solutions.

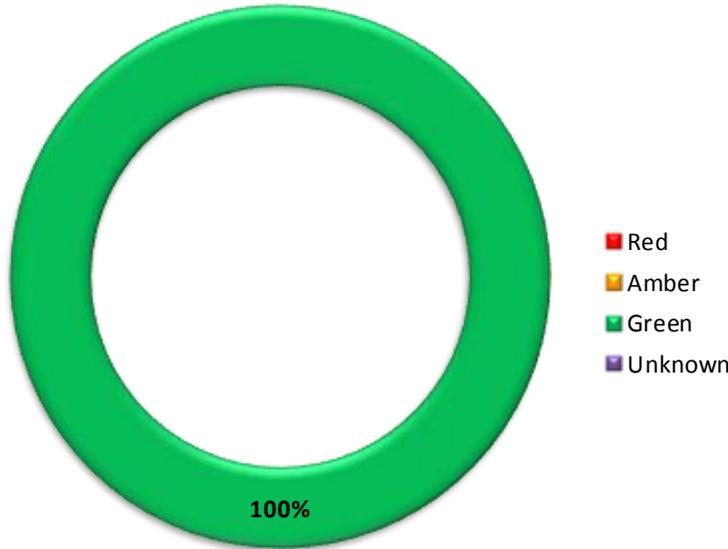
## Lower assurance

The payment by result element of the Troubled Families Programme has presented a number of challenges. The change over from ICS to Mosaic had an impact on the ability to collect information. There has however been a change to the framework at a National Level which allows some local flexibility in the way progress in educational attendance is measured which should place us in a stronger position in the future to make the required number of claims and therefore maximise the income potential for Lincolnshire Children's Services.



# Combined Assurance Status Report

## Early Years



- Green**
- Supported Childcare Allocations and Inclusion Funding
  - Early Intervention - Area Senco/Inclusion, advice and support
  - Early Intervention
  - Family Group Conferencing
  - Children's Centres

### Overall comments

The latest statistics show that as at August 31st 2018, 96% of all providers in early years were rated as Good or Outstanding at inspection. Take up of the 2 year old entitlement is above regional and national average, at 76% (Summer 2018) with 95% of all 3 and 4 years old are accessing Early Education places. With the extended offer available to families from 2017 Lincolnshire have exceeded expectations with take up levels by summer term 2018 with 5322 children accessing the 30 hours entitlement which is above the Department for Education (DfE) estimate of 5010 eligible families in the county. We are also pleased with the way the Lincolnshire sector has responded to the challenge of delivering the extended offer with 90% of all Early Years Entitlement registered providers offering access to the 30 hours. Lincolnshire has 69.1%% of children achieving a good level of development at the end of the foundation stage which is broadly in line with national.

### Overall Assurances

- Green**
- Support, challenge and advice is available to all Early Years (EY)/Out of school (OOS) providers and childminders (inc reception classes and EY/OOS provision in schools)
  - EY Educational Entitlement Funding (2 Year Olds)
  - EY Educational Entitlement Funding (3-4 Year Olds)
  - Early Years Foundation Stage Profile Scores, Data Collection and Monitoring



# Combined Assurance Status Report

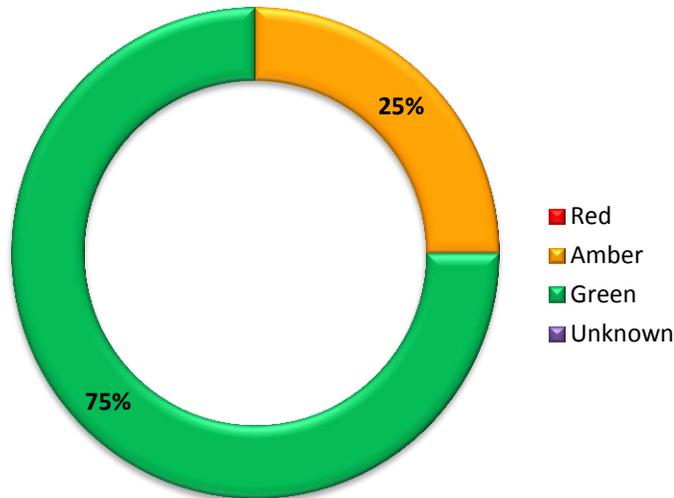
## Management of risk

The team closely monitor the market place for sufficiency of provision and to ensure providers who are less than good are offered timely effective support. The school readiness hub reviews the self-evaluation documents which are updated on a quarterly basis by each locality, the hub provides feedback on each to inform action plans to ensure there is a focus on quality and consistency of delivery across the county.



# Combined Assurance Status Report

## Quality and Standards



### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>Independent Chairs and Independent Reviewing Officers</li> <li>Learning and Development</li> <li>Parent Partnership Liaise Service, advice and support service</li> </ul>	<ul style="list-style-type: none"> <li>Quality Assurance</li> </ul>

### Overall comments

The Independent Chairs and Reviewing Service are fully staffed, the majority are permanent workers with a couple of temporary backfilling of secondments. The Service has continued to focus on quality and a significant number of reviews are more child friendly with good feedback from the young people involved in these. In addition the Chair's report is written to the child and this has been well received and commented positively upon by Ofsted. The decrease in numbers of children on child protection plans and in care has led to a reduction in overdue reports and overall performance on Mosaic is being maintained at a high level. The majority of escalations and concerns are addressed at an informal level and formal escalations remain low. Challenge is well received and addressed in a timely manner.

The Independent Advise and Support Service has been fully staffed this year. Their role was scrutinised in the recent SEND inspection and feedback was very positive. The Service are focusing on increasing participation by young people and additional funding has been provided by the DfE to support this work by recruiting a participation worker. In addition they are focusing on raising their profile across the county.

Learning and Development staffing has remained stable and an additional temporary post was funded by the South Yorkshire Teaching Partnership. This has provided additional capacity around the Assessed and Supported Year in



# Combined Assurance Status Report

Employment (ASYEs) and also supports the Practice Supervisors. It will run until July 2019.

The Quality Assurance (QA) Service has been subject to a further review. The decision was taken not to recruit to the Practice Supervisor post and the Qualified Auditor post whilst the review was completed. The review involved a peer review by Camden and a visit to North Yorkshire to learn from their experience. The revised QA Framework and structure will come into effect in the New Year. In the interim, audits continue to be undertaken by some consultants who have an extensive experience of Social Care related work. A new Quality Assurance Board has been established as part of the framework to ensure learning from audits and quality assurance work occurs across Children's Services and can be evidenced from top to bottom of the organisation. Quality assurance via complaints, Young Inspectors, peer reviews, clinical governance and any quality assurance work also come to the Board.

Young Inspectors had a new Project Officer join earlier in the year. Two new apprentices have been appointed and will commence in role in January. The Participation Team has recently seamlessly moved over to the Quality and Standards Team as part of a restructure in the Youth Hub. Their priorities continue in line with the Participation Strategy.

The Local Authority Designated Officer (LADO) Service has had a change of worker to backfill the secondment of one of

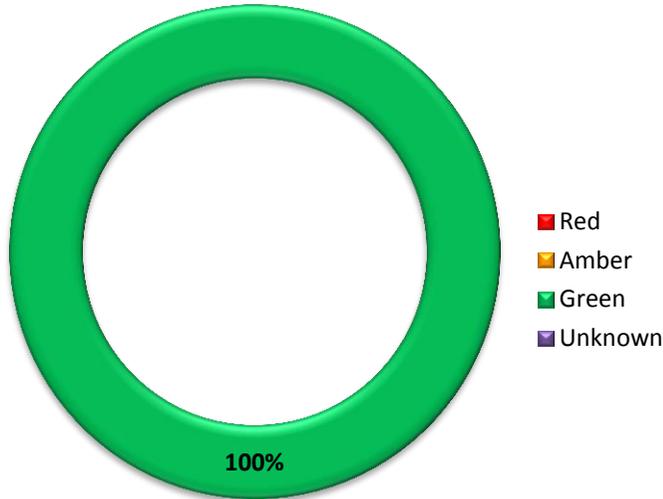
the LADOs. Additional capacity has been sought due to an increase in demand in recent weeks. The Service is to be reviewed in the New Year. Performance reports are available and some independent auditing is currently underway.

## **Management of Risks**

All risks are effectively managed within the service areas.



## Education of Children Looked After



### Overall Assurances

- Green**
- Challenging and supporting schools and academies to improve educational progress of Looked After Children (LAC)
  - Supporting admission and inclusion of LAC into mainstream schools
  - Allocation of pupil premium to support education plan
  - Monitoring the education performance of looked after children through review of Electronic Personal Education Plan (EPEP)

### Overall Comments

The Personal Education Plan system has been upgraded and this has expanded to include early years and post 16. The target is currently 100% competition with current performance at 98.0%. Pupil premium allocations are linked to Electronic Personal Education Plan progress targets with a coordinator in place to ensure funding is allocated to schools in line with this. Support is in place to ensure schools, social workers and teachers are best placed to support the educational needs of Looked After Children and exclusions are below those for Looked after Children regionally.

Through Partners in Practice the Caring 2 Learn work stream offers opportunities to ensure schools are focused on the care needs of this particular cohort and foster carers are supported to focus on the learning needs of the children and young people in their care.

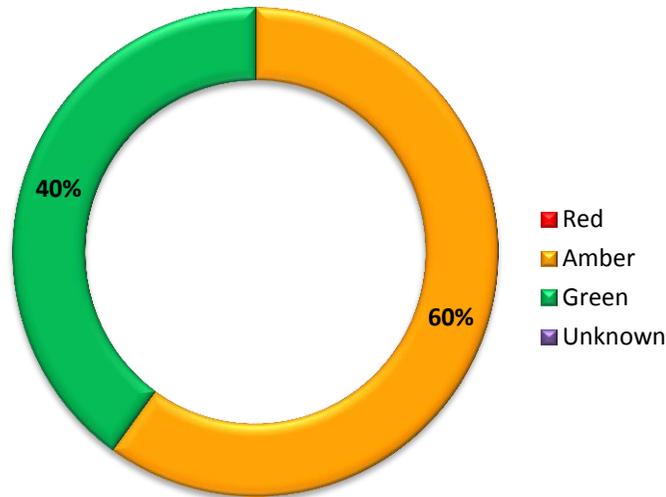
### Management of Risk

Pupil progress is regularly reviewed and challenge and support is in place to address any concerns with schools. Performance and risks are regularly monitored by the team with regular updates and reports to Directorate Management Team, Corporate Parenting Board and Children's Scrutiny



# Combined Assurance Status Report

## Youth Offending



### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>Youth Offending Service (YOS) Delivery</li> <li>YOS Prevention and diversion</li> </ul>	<ul style="list-style-type: none"> <li>YOS Funding</li> <li>Remand Management</li> <li>Future4Me</li> </ul>

### Overall Comments

The Youth Offending Service has maintained positive levels of performance in key areas around re-offending, custody and first time entrants. This has been supported by stability in staffing, minimal vacancies and a consistent management team.

The service undertakes internal quality assurance and is also monitored around compliance with National Standards and benchmarking against national performance measures by the Youth Justice Board. At the present time the service is rated 'green' and is the top quartile of national services. The service was audited in respect it's quality assurance framework and received full assurance.

Previous inspections have taken place in January 2016 and a joint targeted inspection November 2017 which was positive. A new inspection framework was launched recently by HM Inspectorate of Probation and inspection readiness has commenced including work with the strategic partnership.

The introduction of the joint diversionary panel has resulted in significant change in practice and to date has resulted in a 66% reduction in first time entrants. During 2018 a consultation was undertaken with staff around the establishment of a new structure to work with those most challenging and complex adolescents.



# Combined Assurance Status Report

The new Future4Me team goes live in January 2019 and represents a multi-agency approach founded on significant evidence and learning to enable effective practice with young people to maximise the likelihood of positive change. It represents a substantial change in service delivery and has the potential to generate savings by minimising the likelihood of children entering care or being placed in high cost residential units by maintaining stability and providing crisis intervention.

The service remains reliant on significant funding from external sources including the Ministry of Justice and the Police and Crime Commissioner. Whilst these budgets have remained stable over the last two years there is a concern that pressures with central government funding and upon Police resources indicate an on-going risk. The service is also supported by staffing resources and it is positive that there is partnership commitment to sustain this.

Remand management remains a key financial risk due to the volatility and potential significant financial burden upon the local authority. The risks associated with this are well known and practice is directed towards mitigating this where possible.

## **Management of Risk**

Budget monitoring is robust and any key pressures are highlighted. The strategic board is well supported and areas

around resources and finance are reviewed and reflected within annual service planning.

The Joint Diversionary Panel is overseen by a scrutiny board and also through a steering group. An in depth evaluation has been commissioned in conjunction with the Police and Crime Commissioner and Safer Lincolnshire Partnership.

## **Lower Assurance**

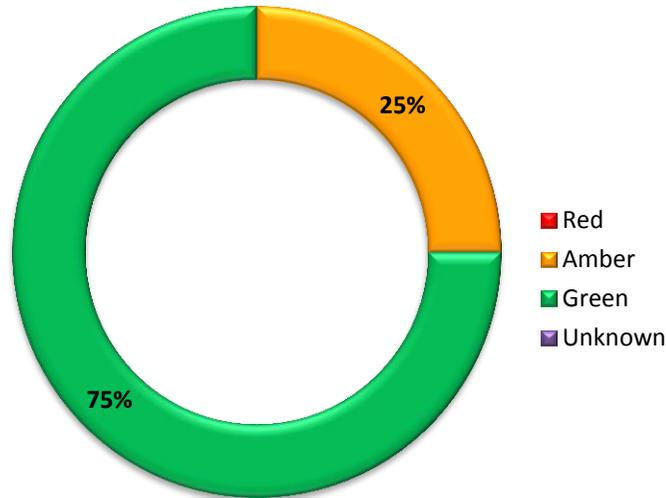
In respect of remand management, work with key partners including Police and court is active to offer non-custodial alternatives where appropriate. This clearly reduces the potential for significant long term costs for detention within secure units.

Future4ME becomes operational in January 2019 and is supported by external funding through Partner in Practice and also time limited grants from NHS England. There is a clear outcome framework and the impact of the service will be evaluated by an independently commissioned team and report their findings to the Department for Education.



# Combined Assurance Status Report

## Commissioning and Performance



Green	Amber
<ul style="list-style-type: none"> <li>Commissioning of Health Services</li> <li>Performance</li> </ul>	

### Overall Comments

Commissioning and Performance provide highly effective support to the range of teams within children's services and with a number of partners and colleagues within and external to the Council. The recently developed Children's Integrated Commissioning Team are now jointly commissioning a number of services on behalf of the Clinical Commissioning Groups, public health and children's services. Joint commissioning was highlighted in the recent SEND inspections as an area of strength and the work on commissioning Child and Adolescent Mental Health Services (CAMHS) continues to be highly effective with the service rated as Outstanding by the Care Quality Commission.

Robust systems for reviewing, commissioning and performance managing services provides assurance and identifies opportunities for improving outcomes and service improvement. The involvement of service leads results in joint recommendations to Directorate Management Team on how contracts can be changed to improve outcomes.

### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>Procurement/Contract Provision</li> <li>Management of Grants</li> <li>Contract Management</li> <li>Decommissioning of Services</li> </ul>	<ul style="list-style-type: none"> <li>Home to School/College Transport</li> <li>0-19 Service</li> </ul>



# Combined Assurance Status Report

Through greater integration of the performance team into the commissioning team and children's services more widely, performance monitoring and data is becoming increasingly central to improving our processes for assuring quality and effectiveness.

Commissioning and performance responds effectively to changes in demand, for example for individual placements for vulnerable children and the numbers of looked after children. However changes in demand for school transport remains a challenge to effective budget management due to its unpredictability. Joint planning with services and the corporate transport team is helping to mitigate this risk.

## **Management of Risk**

Robust and consistent processes for monitoring and reporting on contracts assist with the early identification of risks and allows for timely actions in mitigation. Regular reporting of, and direct engagement in, monitoring of key performance indicators allows service managers to make decisions based on timely and accurate data. Any significant concerns are raised directly with service leads and escalated to Directorate Management Team and Scrutiny as appropriate.

The recruitment and retention of skilled and experienced staff is crucial to the delivery of an effective service but remains a challenge when competing in a limited market with other public and private sector organisations. This is an area where

the service is constantly trying new ways of attracting and retaining staff.

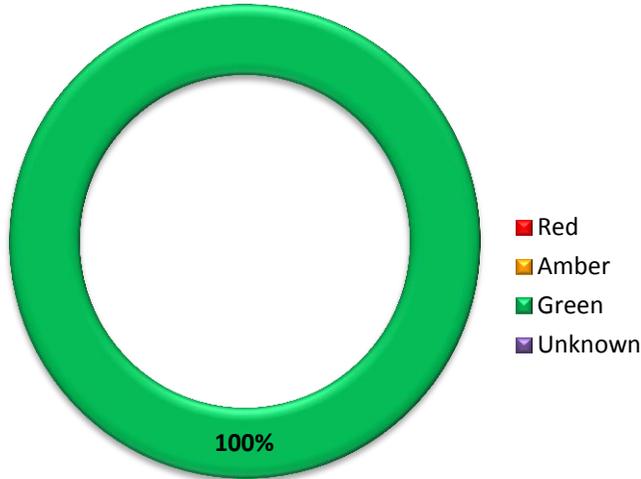
## **Lower Assurance**

Providing home to school transport within budget remains a challenge due mainly to unpredictable demand and changing needs of young people. The service constantly reviews both eligibility and provision to meet need as defined by policy. Joint reviews are undertaken with services and to inform policy decisions by elected members. It is anticipated that the new model of provision for children with special educational needs will have a positive impact on the budget over time and the service are fully engaged in this development.



# Combined Assurance Status Report

## Education Support



### Overall Assurances

Green
<ul style="list-style-type: none"> <li>• School Admissions</li> <li>• Attendance</li> <li>• Children Missing Education</li> <li>• Tracking Status of 16-17 year olds in Education, Employment or Training</li> <li>• 5-16 Sufficiency</li> </ul>

### Overall Comments

Much of this service area is regulated by either legislation or statutory guidance and as such a high degree of assurance should be expected. A significant change for one area of work this year was the replacement of the main education system that was used to process school admission applications by parents, this new system was introduced in September 2018 along with free school meals eligibility checking and governor support in December 2018. The project management of the implementation of this new system was audited along the implementation journey and received 'substantial assurance' with no recommendations suggested for change. This has allowed the service to substantially mitigate the previous risk associated with unsupported software around a critical function.

The majority of families continue to enjoy high preference rates for their first choices of schools due to careful management of school places and the creative use of capital basic need funding. The tracking of the situation of 16 and 17 year olds was audited in the spring and received 'high assurance' in April 2018.

### Management of risk

An annual report of the situation of children who are not on roll at a school is presented and scrutinised by children's directorate management team each year along with service



# Combined Assurance Status Report

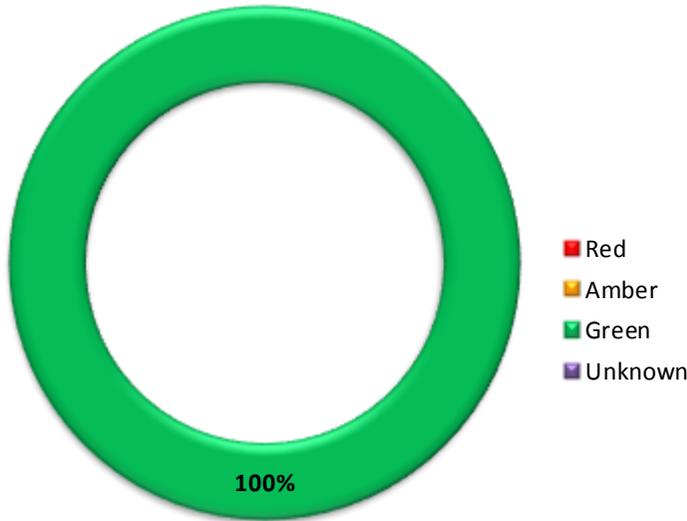
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performance targets each quarter. The service is linked in to several local authority peer groups that share practice and information to achieve best practice in performance.



# Combined Assurance Status Report

## Inclusion



Committee, Children’s Service’s Directorate Management Team and Children’s commissioning.

The Inclusive Lincolnshire Strategy continues to address the problem of a previously rising and unsustainable rate of permanent exclusion from Lincolnshire schools. The Lincolnshire Ladder of Behavioural Intervention has supported schools in focusing on the underlying drivers of challenging behaviour, rather than merely its outward presentation. Permanent Exclusions in Lincolnshire have seen a 13% reduction in 2017/18 and a 37% reduction since the Ladder was launched. This progress is against a national picture of increased exclusion.

### Management of Risk

Robust processes for monitoring and reporting on the BOSS contract allows early identification of risks and timely mitigation. Any significant concerns are appropriately escalated through to Directorate Management Team or Scrutiny. The Department for Education has indicted that exclusions continue to be an area of focus over the next year and the Local Authority will seek to influence this in the interests of children and young people. It will also be necessary to respond to changes in legislation and ensure schools are supported to meet any new expectations placed on them.

### Overall Assurances

<b>Green</b>
• Inclusion

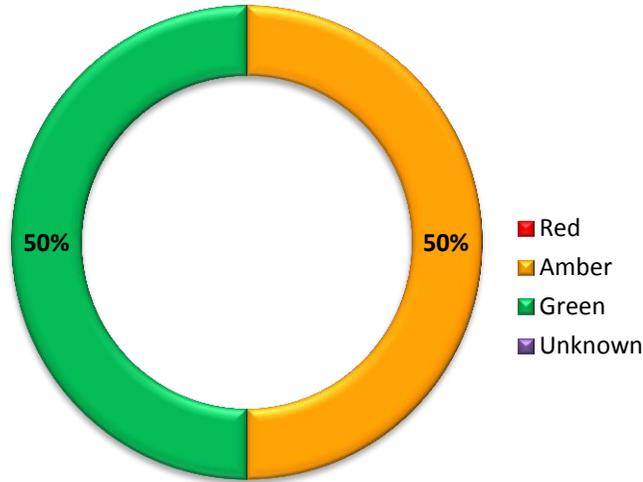
### Overall Comments

Inclusion data and the performance of the Behaviour Outreach Support Service (BOSS) are subject to close scrutiny and monitoring by Children and Young People’s Scrutiny



# Combined Assurance Status Report

## School Improvement Service



### Overall comments

The main validation of effectiveness of school improvement is OfSTED Inspection of Schools and Academies. Lincolnshire has remained slightly above its statistical neighbours and national for the number of schools rated as good and outstanding. The Local Authority is effectively identifying concerns in terms of standards and engaging early to prevent further decline more effectively within the remit of maintained schools and academies. There have been a significant number of achievements over the last year in terms of securing school improvement activity and funding. The Local Authority, the Lincolnshire Learning Partnership and the Lincolnshire Teaching Schools Together group are continually strengthening links, provision and responsiveness to emerging needs.

Although some improvements have been seen, the performance gap between Lincolnshire and National measures persists to be adrift through all phases. Data for this performance has been scrutinised internally, externally and appropriate support packages implemented for Key Stage 2 pupils through the Strategic School Improvement Fund. This will be closely monitored in terms of impact by Education Locality Leads and Department for Education monitoring and evaluation mechanisms.

### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>Monitoring Performance of Schools and Academies</li> </ul>	<ul style="list-style-type: none"> <li>Closing the Attainment Gap</li> </ul>



# Combined Assurance Status Report

## Management of risk

For monitoring performance, an annual report of school improvement activity, OFSTED performance and standards are reported to the Children's Services Directorate Management Team, Children and Young People's Scrutiny Committee, the Lincolnshire Learning Partnership Board and communicated to the school sector via Head teacher Briefings.

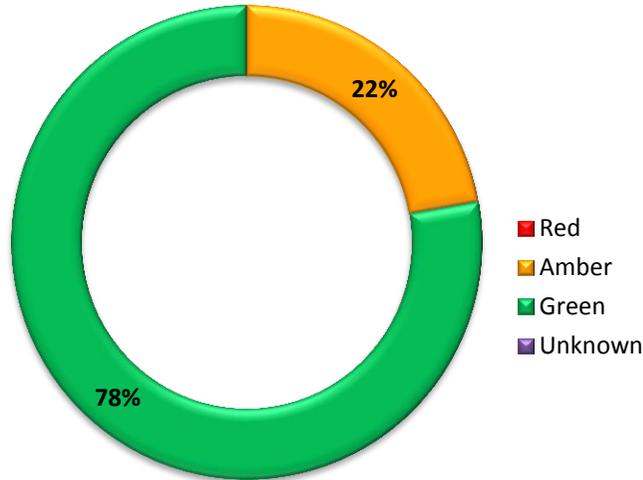
The Local Authority has strong working relationships with the Regional School Commissioner and a number of Multi-Academy Trusts and this enables to manage risk proactively. We work well with the East Midland School Improvement Group for the purposes partnership scrutiny, review, support and challenge.

Regarding closing the attainment gap, an annual report of school improvement activity and standards is reported to the Children's Services Directorate Management Team, Children and Young People's Scrutiny Committee, the Lincolnshire Learning Partnership Board and communicated to the school sector via Head teacher Briefings. Priorities from data analysis are discussed with relevant schools and appropriate support or intervention is indicated from the Teaching Schools. Education Locality Leads support, monitor and challenge maintained schools and seek assurance from Academies were possible.



# Combined Assurance Status Report

## SEND



### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>Special Education Needs and Disabilities (SEND)</li> <li>Sensory Education Support Service</li> <li>Early Support and Co-ordination Services</li> <li>Children With Disabilities Social Care Team</li> <li>Occupational Therapy Team</li> </ul>	<ul style="list-style-type: none"> <li>Applied Psychology Service</li> <li>SEND Home Tuition</li> </ul>

Green	Amber
<ul style="list-style-type: none"> <li>Young People's Learning Partnership</li> <li>Specialist Teaching Team and Eclips Team</li> </ul>	

### Overall Comments

Lincolnshire was subject to a Joint Ofsted and Care Quality Commission SEND inspection of the local area in October 2018 and the outcomes provided re-assurance that children and young people in Lincolnshire, who have additional needs, are identified and supported well. Processes and procedures to manage the legal requirements introduced in September 2014 are now well embedded and the SEND service meets expected timescales in 95% of cases. All transfers of Statements of SEN to Education, Health and Care (EHC) Plans were completed by the 31.03.18 deadline.

The Specialist Teaching Team continues to receive very positive feedback from over 80% of schools that buy back the service and the Sensory Education Support Team is recognised for the significant contribution it makes to the early identification of children with sensory impairment. The Children with Disabilities Team continues to perform within best practice standards and 100% of 17 year olds that will require Adult Social Care have a completed Passport to Adulthood to support effective transition. Young Peoples Learning Provision (YPLP) is preparing young people for



# Combined Assurance Status Report

adulthood well with 67% of those undertaking supported internships going into paid employment and a further 28% going on to further education or voluntary work. The Home Tuition service provides interim education for pupils awaiting specialist provision and has been particularly successful in supporting young people at Key Stage 4 to make positive transitions back into education with 100% going on to Further Education.

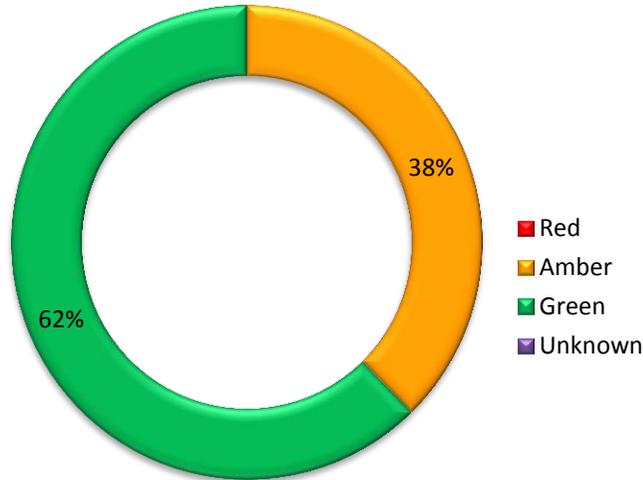
## **Management of Risk**

The SEND Service continues to provide regular progress reports to Directorate Management Team, Children's Scrutiny and the Schools' Forum. Detailed weekly performance monitoring is in place by the service.



# Combined Assurance Status Report

## People Management



Green	Amber
<ul style="list-style-type: none"> <li>Employee relations cases and settlement agreements</li> </ul>	

### Overall Comments

The Council People Management (PM) and Workforce Plan includes the co-ordinated programme of projects and activities, informed by HR and workforce data and other organisational intelligence, which are designed to address:

- a) the longer term workforce planning challenges to mitigate the corporate risk of recruiting and retaining key skills
- b) any immediate HR or workforce challenges impacting on the Council

The corporate projects support specific Director Area workforce planning and development strategies.

The ability to recruit and retain staff in high risk areas remains a corporate strategic risk and the impact of the controls, which are predominantly the PM & Workforce Plan projects and activities, are also monitored through the Strategic Risk Register assurance process.

Effective HR metrics and other organisational information are important for ensuring that the Council can assess whether

### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>Council People Management and Workforce Plan (PMWP) 2018</li> <li>PWMP Performance Driven Outcome</li> <li>PMWP Employer of Choice Outcome</li> <li>PMWP Engagement Outcome</li> </ul>	<ul style="list-style-type: none"> <li>Apprenticeship reforms</li> <li>Serco HR, Admin, and Payroll and Transactional Services</li> <li>Serco People Management Service Delivery</li> </ul>



# Combined Assurance Status Report

the PM Workforce Plan projects and activities are supporting business objectives; that their impact/benefits can be understood; and for confirming whether critical processes are operating effectively.

Significant progress has been made over the last 12 months as a result of improvements of the inputting of data on Agresso by managers for example, sickness absence and appraisal completion. Focused effort will continue to support accurate and timely inputting, prior to the planned programme of Agresso system improvements sponsored by the Chief Executive. These improvements are wide ranging and will support back office Payroll delivery as well as assist managers with their input and access to real time information. The system improvements will also be supported by a programme of data cleansing that will further improve data quality.

Recent engagement with Corporate Management Board (CMB), Informal Executive and the Overview and Scrutiny Management Board shows good governance and reporting mechanisms are in place in relation to the projects and activities which underpin the Council PM and Workforce Plan. A report will go to CMB in December 2018 in respect of priorities for 2019/2020 based on strategic workforce data and broader organisational intelligence.

We have had a number of audits completed in 2018 receiving High Assurance from Internal Audit for Social Work Recruitment, and Substantial Assurance for Sickness Absence Follow-up and Payroll. IR35, Strategic Workforce Planning, Apprenticeship Reform, and Recruitment and Resourcing are all planned.

## **Management of Risk**

The PM Service has a good reputation for supporting the business to manage its' people risks working in partnership with colleagues in Legal Services Lincolnshire on high risk cases. A robust framework aligned to good employer principles is in place for ensuring the management of HR policy review and updates.

There are well established governance arrangements in place for all the critical people management processes. There remains a number of improvements required relating to the management of payroll processes, which are detailed in the Internal Audit report for Payroll (October 2018.)

Strategic oversight of risk management activity is achieved through monthly monitoring and review of the People Management Service Partnership Risks and Issues Log through the Partnership Operational Delivery Meeting. The high risks are reported monthly on an exception basis to the Director for People Management as part of the monthly



# Combined Assurance Status Report

Service Plan review. There are risk owners in the People Management Team assigned to each of the processes.

The delivery of the Serco HR Administration and Payroll Transactional Service has received substantial assurance. This compares with the previous year where assurance was in the low category. Performance is also monitored through the Key Performance Indicators (KPIs) for People Management at the monthly Serco/LCC Operations Board, and for the last 10 months, all KPIs have been continually met.

Additionally the Pay Statements Project, which aims to identify payment errors since April 2015 and provide assurance that these have been corrected, is being progressed. It is anticipated that this project will conclude by the end of December.

It is proposed that the status of the Apprenticeship Reform project moves from Red to Amber (to be confirmed by Project Board on 27th November) due to the following rationale:

- There has been a healthy increase in apprenticeship training at the end of September. This has been due to the take up of higher level apprenticeships within the existing workforce for the September intake at universities and colleges.
- The engagement with the Senior Leadership Group which commenced in May is having positive benefits with take

up of the Master of Business Administration (MBA) in Local Government apprenticeship.

- The biggest opportunity for delivering the apprenticeship strategy remains with the existing workforce. Publicity of apprenticeship opportunities will focus on appraisals and personal development plans, showcasing the available standards in the apprenticeship course catalogues for generic training (Commissioning and commercial, Digital, Finance and Audit, Highways and Planning, Management) and Children's Adults and Public Health director areas. The aim is to capture the January – February timescales for appraisals and maximise this opportunity in the run up to the implementation of the performance related pay scheme which comes into effect in April 2019.

In the immediate future, the impact of organisational change in the Serco HR Advisory service together with the more recent decision taken to insource a range of People Management services from April 2019 may affect assurance levels overall. From January 2019 capacity will be reduced and remaining resources will need to be aligned to key priorities in the short – term and a balance found between operational demand and strategic demand. It is possible that focus may be diverted from strategic developments.

It is anticipated that the supporting infrastructure and IT systems to support new ways of working for HR Advisory Services will be delayed.



# Combined Assurance Status Report

The population of younger people in Lincolnshire is increasing at a significantly slower rate than for those over 65. This suggests that the Council needs to work harder to invest in younger people who reach working age to be able to replace the older workforce as they retire.

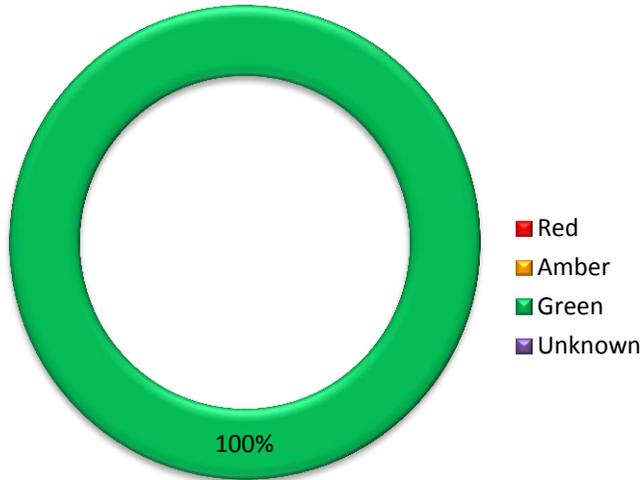
The Council needs to continue to develop proactive approaches to ensure that it remains attractive to potential employees, building opportunities for the students of Lincolnshire and making links with colleges to ensure they are developing the workforce required for the future.

Looking further to the future, data indicates that we are likely to see a continued increase in the age people start having children, the age they are able to buy their first property. Mortgage terms available are longer than ever and the age people retire from working is getting later. These trends increase the challenges for the Council as an employer. Employees are more likely to have caring responsibilities for older relatives and may be looking for ways to maintain employment while winding down their career, such as stepping down from higher levels of responsibility, seeking flexible retirement options as well as greater flexibility in their working pattern.



# Combined Assurance Status Report

## Schools Finance



### Overall Assurances

Green
<ul style="list-style-type: none"> <li>Budget Share Calculation</li> <li>School Budget Monitoring</li> </ul>

### Overall Comments

The Local Authority's role in determining schools funding and the monitoring of maintained schools budget are crucial to the effective financial management of the schools sector. Skilled staff within the Finance team and associated teams enable key functions to be carried out effectively and on time. Where resourcing capacity becomes stretched, the team will prioritise, and the work targeted, with the greatest focus being on those schools that require the intervention in the short term. Overall, effective assurance levels are maintained with the position being monitored continually to manage any emerging risks.

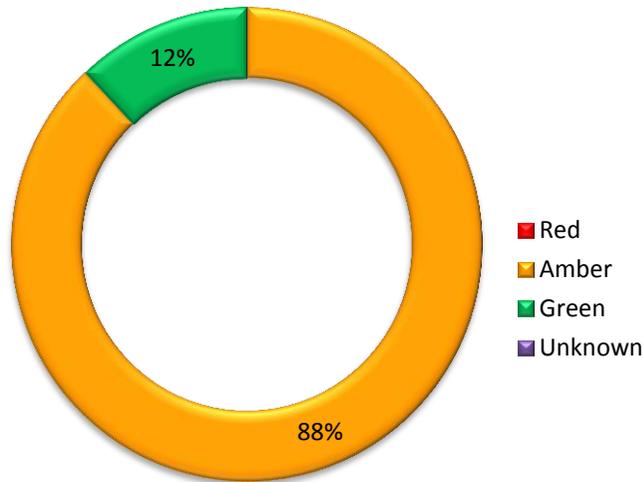
### Management of Risks

The schools budget share process involves a number of areas and staff, therefore processes and systems are required to ensure that all information published is accurately and timely, and that the affordability of the £539m Dedicated Schools Grant (DSG) is achieved, particularly in light of the national funding formula changes across the four blocks of the DSG, and their parameters. The detailed timetable, staff training and support with clear lines of accountability and sign off at each stage in the process allow the complex process to be managed and the risks controlled. Timescales and accuracy of calculating and publishing of schools budgets have been fulfilled in all prior years. Lower Assurances



# Combined Assurance Status Report

## Key Projects



Green	Amber
	<ul style="list-style-type: none"> <li>Inclusion for all: Review of special educational needs offer</li> <li>Special Schools Project</li> <li>Supported accommodation</li> </ul>

### Overall Comments

We continue our change programme through a number of aspirational projects which have and will continue to require significant resources. Many of these projects are near completion, although the special school project remains in the planning phase. We anticipate that these projects will transform provision and will deliver high quality responsive services which are even better value for money.

### Management of Risk

Most of the key projects have moved into delivery from design (special school project is expected to move into delivery imminently). Governance arrangements are in place and resources to enable effective management of the projects secured. Some projects require commitment from partners and due to partner's competing priorities, this commitment has not been secured in all instances.

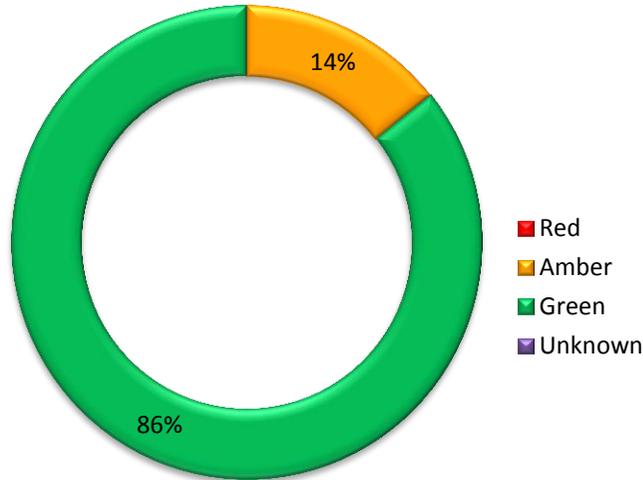
### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>Signs of Safety</li> </ul>	<ul style="list-style-type: none"> <li>Partners in Practice</li> <li>Integrated Health and Social Care</li> <li>Joint Commissioning of SEND</li> <li>Asset Plus</li> <li>Managing children and young people exploitation</li> </ul>



# Combined Assurance Status Report

## Key Partnerships



Green	Amber
<ul style="list-style-type: none"> <li>Court User Group</li> <li>Youth Offending Service Management Board</li> </ul>	

Partnership arrangements are robust and the local arrangements ensure a clear and collective determination and drive to engage agencies in delivering a coherent approach to safeguard children, promote their welfare and ensure that they reach their potential with a strong focus on educational aspirations, Strategic action plans are well considered and comprehensive, and are underpinned by a strong shared vision and ambition with clear governance across all partnership arrangements.

Partnership working with health is strong, although there remains commitment to further integrate our health and care system across the County. We have established a joint commissioning team with the Clinical Commissioning Groups help deliver a more integrated approach to meeting needs of children and families. Through the Lincolnshire Learning Partnership, relationships with schools and academies including Multi Academy Trusts are effective and improved

Partnership working can always improve and although we have strong foundations, we believe that reviewing our partnership arrangements to safeguard young people engaging in high risk taking behaviours are starting to improve and the introduction of the Future4Me service will assist.

## Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>Lincolnshire Safeguarding Children's Board</li> <li>Youth Justice Board</li> <li>Lincolnshire Learning Partnership</li> <li>Regional Framework Commissioning Groups</li> </ul>	<ul style="list-style-type: none"> <li>Lincolnshire Teaching Schools Together</li> </ul>

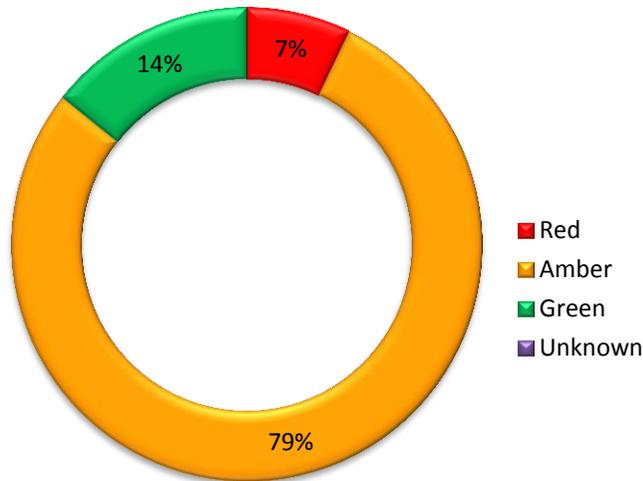


# Combined Assurance Status Report

Our relationship with Serco has improved significantly and we are pleased that the assurance on payroll have improved to substantial.



## Key Risks



## Red Operational Risks

- **Agresso Re-engagement**

## Strategic Risks

Council's highest rated Strategic Risks for this area of the business

**Safeguarding Children**

**Recruitment/Staffing**

A key strategic risk for service continues to be any potential failure to safeguard children. Linked to this is a strategic risk regarding recruitment of staff especially qualified Social Workers. These risks are related as without qualified, capable, well trained Social Workers are employed and retained, then safeguarding quality will be affected.

Work is ongoing to ensure that these risks are mitigated and children in Lincolnshire continue to have a good and effective support services.



# Combined Assurance Status Report

Examples of mitigating actions include:

- Audit of Section 11 (being conducted by People Management - Induction, Recruitment, Contract)
- Audit & Performance information to Directorate Management Team for scrutiny
- Safeguarding Assurance days
- Independent Chairs - and Independent Reviewing Officers who quality assure the care plans of looked after children and children subject to child protection plans
- Team Manager Audits
- Lincolnshire Safeguarding Children Board Serious Case Reviews and Significant Incident Reviews
- Practitioner Supervision & Appraisal
- Additional recruitment strategies above and beyond business as usual whilst reviewing and improving existing arrangements to create recruitment centre of excellence.

Another key risk is that our systems do not act as effective enablers to support the business. This risk relates mainly to Agresso/ Mosaic / ICT.

Examples of mitigating actions include:

- Upgrade of the agresso system
- Adapting the people management service delivery model
- Continued staff training on all systems
- Retaining capacity in support for Mosaic to enable system change
- Future4Me established to provide dedicated service for young people who are engaging in high risk behaviours.

# Combined Assurance Status Report

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## What we do best...

**Innovative assurance services**

Specialists at internal audit

**Comprehensive risk management**

Experts in countering fraud

## ...and what sets us apart

**Unrivalled best value to our customers**

Existing strong regional public sector partnership

**Auditors with the knowledge and expertise to get the job done**

Already working extensively with the not-for-profit and third sector



# Combined Assurance Status Report

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<b>Critical Systems</b>	<b>6</b>
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# Combined Assurance Status Report

## Introduction

This is the seventh combined assurance report for Finance & Public Protection within the Council.

By grouping the different sources of assurance in a single model we provide the basis for Senior Management and Audit Committees to gain a better understanding of their organisations assurance status and needs.

We do this by coordinating assurance arrangements – providing some structure – this is our Assurance Map.

We have well established Assurance Maps that help us to focus our work plans on the make or break risks that affect the successful delivery of services and strategic objectives. The Maps also recognise the importance of critical business systems that support successful delivery and ‘protect the business’ – the due diligence activities.

The Maps give an overview of assurance provided across the whole organisation – not just those from Internal Audit – making it possible to identify where assurances are present, their source, and where there are potential assurance ‘unknowns or gaps’.

The Maps are an invaluable tool for senior managers, providing a snapshot of assurance at any point of time. This report explores those assurances in more detail.

We gathered and analysed assurance information in a control environment that:

- takes what we have been told on trust, and
- encourages accountability with those responsible for managing the service.

## Scope

We gathered information on our:

- **Critical systems** – those areas identified by senior management as having a significant impact on the successful delivery of our priorities or whose failure could result in significant damage to our reputation, financial loss or impact on people.
- **Due diligence activities** – those that support the running of the Council and ensure compliance with policies.
- **Key risks** – found on our strategic risk register, operational risk registers or associated with major new business strategy / change.
- **Key projects** – supporting corporate priorities / activities.



# Combined Assurance Status Report

- **Key partnerships** – partnerships that play a key role in successful delivery of services

Our approach includes a critical review or assessment on the level of confidence the Board can have on its service delivery arrangements, management of risks, operation of controls and performance.

## Methodology

To ensure our combined assurance model shows assurances across the entire Council, not just those from Internal Audit, we leverage assurance information from your 'business as usual' operations. Using the '3 lines of assurance' concept:



We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- Considering other information and business intelligence that feed into and has potential to impact on assurance.

We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.



# Combined Assurance Status Report

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The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge **but** as accountability rests with the Senior Manager we used their overall assurance opinion.



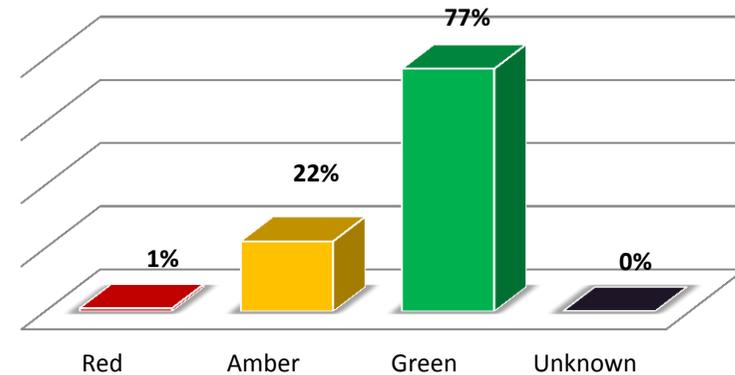
# Combined Assurance Status Report

## Key Messages

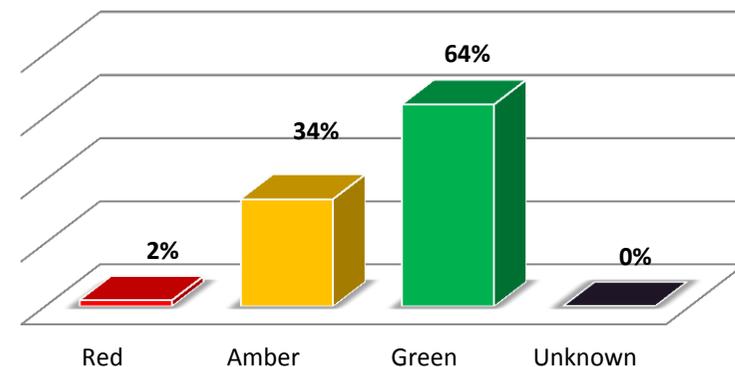
The overall Combined Assurance status for the Directorate reflects the judgements of senior service managers on local control / risk management arrangements and the independent assessment of those arrangements by Internal Audit or through external inspection, such as External Audit, Formal Inspections and Peer reviews. It is pleasing to note that further, good improvements have been made during the last year with 77% of areas now classified as a high level of assurance and 34% as medium. Further work will be done to improve the medium areas of assessment, although it should be noted that the continued reduction in the Council's budgets in future years may mean that a medium rating may be a more realistic target in some areas, particularly those assessed as lower risk to the Council.

Lincolnshire Fire & Rescue received its first formal inspection by Her Majesty's Inspectorate during the summer of 2018. Whilst the inspection report received in December 2018 was generally good around Effectiveness and Efficiency, there were some areas identified for improvement around People and Culture and these will be addressed through an action plan over the next few months.

### Overall Assurance Status 2018/19



### Overall Assurance Status 2017/18





# Combined Assurance Status Report

Only 1% of activity remains at a low assurance level at the time of preparation of this report. This relates to the continued uncertainties around Brexit and, in particular, those around the potential impact on Pension Fund investments and returns. Although work is being done at a national level that work is still to be completed. Separately, a local, multi-agency assessment of the maintenance of critical services following Brexit is being undertaken by the Lincolnshire Resilience Forum, in line with a national directive from the Government.

Progress on a number of projects supporting service development is reported under the Key Projects section of the report. Whilst the majority of those have been assessed as green, a few remain at amber until further progress is made on them. Those projects will be managed and monitored until completed.

Key partnerships are generally working well, with no areas of concern. A new Senior Coroner for Lincolnshire means establishing new relationships and the opportunity for improved ways of working with both EMAS and the Police on the Coroners services.

## Suggested next steps.....

The report also highlights the ongoing strategic risk around future funding levels / budgets for the Council and the plan to undertake a further, comprehensive budget review in 2019 to cover the period beyond March 2020. This will be co-terminus with a number of significant, national reviews materially affecting local government funding.

Pete Moore  
Executive Director of Finance & Public Protection

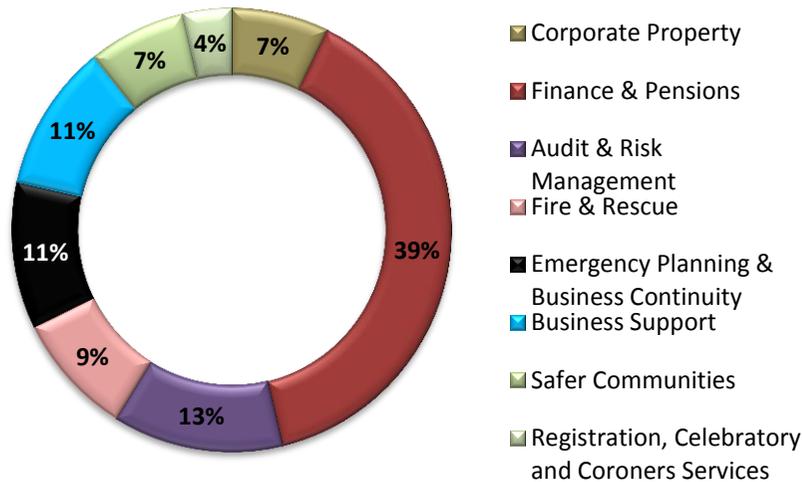
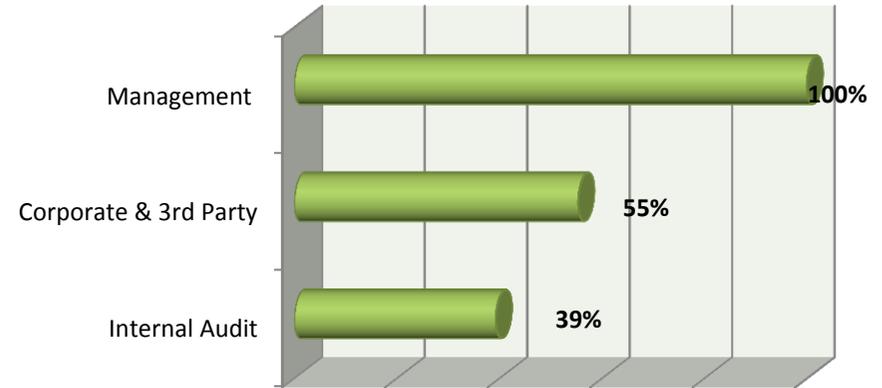


## Critical Systems

The sections below show the levels of assurance within the directorate and an improving situation compared to the last year.

More than half of the critical activities identified continue to be supported by corporate or third party assurance and in many cases this is provided through regular reports submitted to the Executive or the Council's Committees or external reporting and audit requirements. Key management actions are also reported through the Audit Committee.

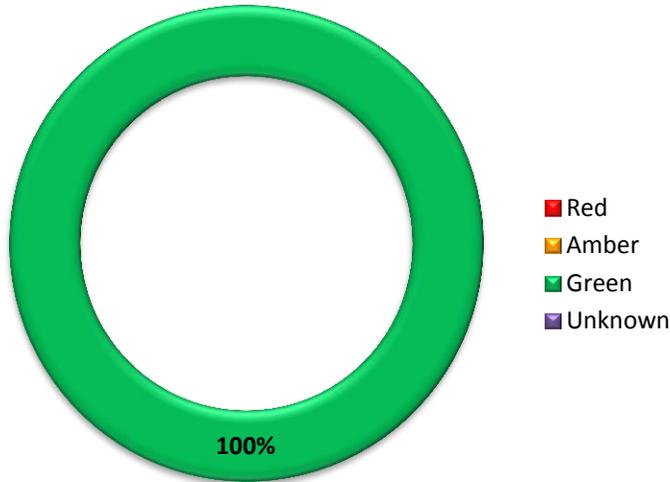
## Who Provides Your Assurance





# Combined Assurance Status Report

## Corporate Property



### Overall Assurances

Green	Amber	Red
Property Management		
Property Strategy		
County Farms		
Contract Management		

### Overall Comments

There are high levels of assurance in the four key areas of the service. The Property Services contract with VFPL is performing well with the 3 year extension awarded to March 2023. Close monitoring of reactive repairs continues due the limited budget. Similarly the Farms management contract with Savills is working well with the contract extension also awarded

Corporate Property continue to lead the Greater Lincolnshire One Public Estate programme which is working well with a strong coalition of public sector partners supported by clear governance and programme resources. The programme was featured as case study in the national OPE prospectus and is well regarded by the Cabinet Office. Asset challenge continues to identify significant collaboration opportunities with partners across Greater Lincolnshire. One of the significant achievements of the programme is the collaboration with NHS and the STP programme.

The property company business case will be reported to the Executive for approval in early 2019 and will be a subsidiary company to the LCC wholly owned company.

The blue light programme is a significant programme for the 3 blue light partners, combined facilities been opened in Sleaford with very positive feedback from operational staff. The new tri-service centre on South Park, Lincoln is well



# Combined Assurance Status Report

advanced and is due to be fully operational in September 2019. Feasibility studies are underway on a number of other co-located facilities across the County

## Management of Risk

Both the VFPL and Savills contract have clear contract governance enabling the management of risk. The VFPL contract uses the NEC form of contract which includes an early warning process requiring risk to be reported and mitigation plans discussed in clearly defined timescale. The Executive and Management Boards review risk on a regular basis. Key projects such as the blue light programme have risk registers and these are monitored through project and programme governance

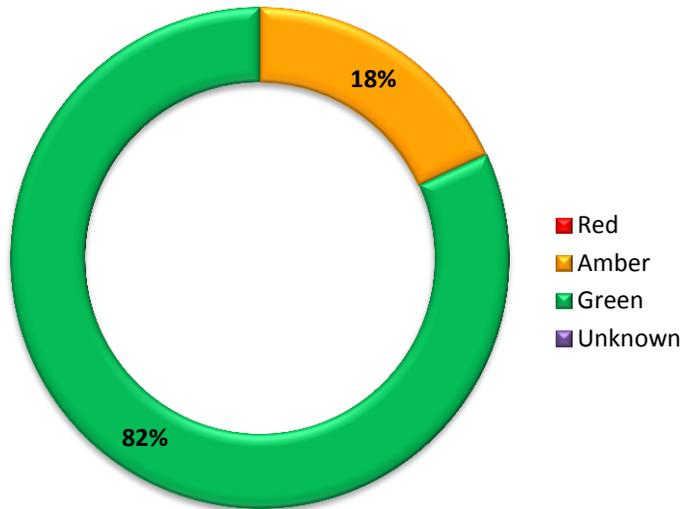
## Lower Assurances

Day to day reactive repairs where a number of factors have led to increasing costs, mitigation measures have been put in place including daily monitoring of works. The Blue light south park project remains at Amber due to budget constraints. Appropriate mitigation measures are in place through the programme governance



# Combined Assurance Status Report

## Finance & Pensions



### Green

- Bank Reconciliation
- Treasury Management
- Grant Income / Claims
- General Ledger
- Accountancy
- Serco Contract Management
- Accountancy closedown
- Agresso Systems Support
- Pension Administration
- Pension Fund

### Amber

### Red

### Overall Assurances

#### Green

- Financial Strategy
- Capital Strategy
- Budget Setting
- Budget Management
- Creditor Payments
- Debtors
- Income
- Payroll postings to ledger

#### Amber

- VAT
- Capital Programme
- Tax Compliance
- Agresso System
- Governance

#### Red

### Overall Comments

The overall assurance level has broadly remained unchanged over the last year albeit with some changes between green and amber levels for specific services or functions. Two areas (payroll ledger postings & grant income/claims) have improved from amber to green; two areas remain amber (VAT & tax compliance) and; two new amber assurance levels have emerged (capital programme & Agresso system governance). Issues related to tax matters reflect the switch of support service provider from Mouchel to Serco some 3 years ago combined with the legacy impacts of the Agresso



# Combined Assurance Status Report

implementation. Whilst Agresso is now predominately working well from the finance perspective, there is an accepted need to realign the system to deal with human resource configuration issues and the impact of this on the finance modules of the system in resourcing and functionality terms present a risk at this juncture. Finally, recent internal audit work has highlighted the need to improve transparency and general governance aspects of the capital programme which has resulted in a decline in assurance from green to amber.

## Management of Risk

The key resources of the service remain its skilled workforce and the IT systems used in delivery of the services. In terms of the workforce, well developed training plans are in place and a hierarchy of appraisals, appraisal reviews and one to one meetings are in place. These form part of the service plan for the function which includes activity related to succession planning. Additional resources for funding a number of finance apprenticeship posts have been provisionally agreed for 2019/20 which will assist with service resilience and succession planning. The departing County Finance Officer is engaging proactively with his direct reports to ensure the necessary knowledge transfer takes place. The service has business continuity plans in place for both its human and system related dependencies. The service is reliant on the skills and experience of particular individuals at all levels within the organisational hierarchy and will be vulnerable to

the loss of those key individuals should they leave the organisation. Whilst succession planning is undertaken this does not wholly mitigate such risks in the short term. Resilience of the corporate ICT framework remains a risk to the efficient and effective delivery of the service.

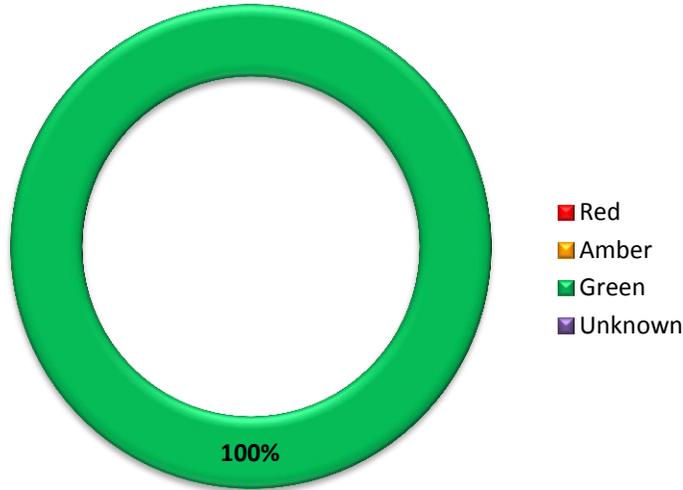
## Lower Assurances

The amber assurance areas of the capital programme and Agresso systems governance were dealt with above. Good progress has been made over the year resolving legacy VAT related issues and this service area is likely to be upgraded to green shortly. A forthcoming internal audit report on the management and oversight of tax matters in relation to employment suggests this area warrants an amber assurance level. An action plan to rectify the issues raised is under development and should be implemented within the next 6 months.



# Combined Assurance Status Report

## Audit & Risk Management



### Overall Assurances

**Green**  
 Risk Management  
 Insurance  
 Health & Safety  
 Counter Fraud  
 Conduct Investigations  
 Whistleblowing  
 Internal Audit

**Amber**

**Red**

### Overall Comments

The Audit and Risk service continues to effectively provide support and assurance to the Council – helping it improve and deliver its objectives. We deliver our services within agreed budgets and feedback from both Senior Management and the Audit Committee shows that the results of our work are valued and acted upon.

Quality professional services is at the heart of what we do and during the year we have sought to continually improve how we deliver our services – focussing on economy, effectiveness and efficiency. A number of different ways of working have been identified by the team which we will be implementing over the next few months.

Two areas of the service have been nationally recognised for innovation and exemplar practice – in Internal Audit and Risk Management.

We currently provide performance and delivery information on audit, risk and counter fraud to the County Finance Officer and the Audit Committee. We will be providing an update on the Strategic Risk Register and Health and Safety to the Corporate Management Board in December and January 2019.



# Combined Assurance Status Report

Counter fraud and Health and Safety are being audited in January 2019 – the outcome of which should be available in February.

Our talent management strategy has been successful with the recruitment of 2 professional practice university students working in Finance and Audit and 2 apprenticeships – one new to the work place through business support and another who is gaining an accountancy qualification (AAT). We are also seeking to recruit a professional internal auditor and health and safety apprenticeship during 2019.

The Assurance Lincolnshire partnership continues to work well – we are pleased to report that Nottinghamshire County Council has joined us. This partnership shares good practice and co-ordinate work plans were appropriate.

## Management of Risk

We regularly review our risks – there are no red risks.

Our key issues that impact on delivery of our business plan objectives and the Council are:

- Improving management information over the Council's insurance fund. Minimising any surprises and helping smooth out the volatility of the fund. It is anticipated that this will be finalised in January 2019.
- IT – the service is reliant on IT. The on-going performance issues and support has had an impact on service delivery

– particularly the delay in the implementation of the new Insurance Claims system. Implementation date is now planned for February 2019.

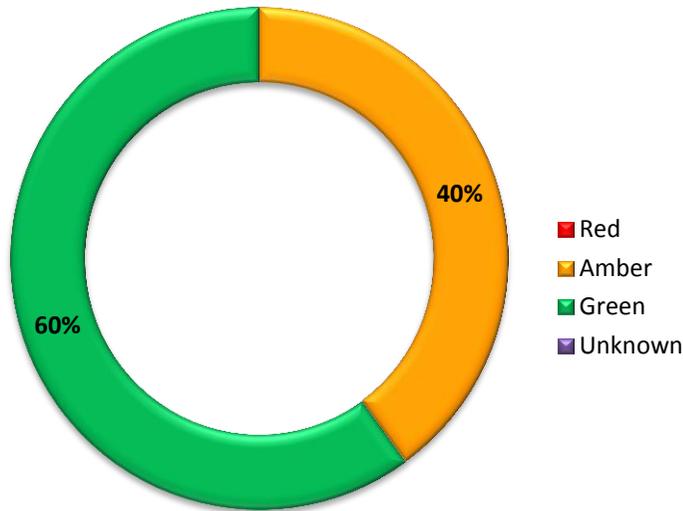
## Lower Assurances

Whilst there are no low assurance areas there have been a small number of complaints about how the Council handles its Public Liability claims for Highways (potholes). There is currently a backlog in legal services. Once the new system has been implemented we will look to review the customer experience from point of contact with customer services to the outcome of the claim process (payment or defend).



# Combined Assurance Status Report

## Fire & Rescue



### Overall Assurances

**Green**  
Planning  
Prevention  
Response

**Amber**  
Protection  
Resources

**Red**

### Overall Comments

Lincolnshire Fire and Rescue’s mission is ‘to make our communities safer, healthier and more resilient’ in order to improve wellbeing. It does this through a framework of 5 key strategies covering: planning, prevention, protection, response and resourcing. Planning, prevention and response are assessed as green with protection and resourcing assessed as amber. Notwithstanding the overall ratings, each area has been impacted by the savings that have had to be made over the last 8 years resulting in reduced capacity and resilience levels across the Service.

### Management of Risk

The Service’s Integrated Risk Management Planning (IRMP) process is the method by which it undertakes risk analysis, develops strategies and delivery mechanisms and provides assurance of activities in support of its mission. Two key planning documents form part of the IRMP process: the IRMP Baseline Document and the annual Service Plan. The former is a strategic document covering a period of at least 3 years. It identifies key community and corporate risks and outlines the strategies, as described above, for mitigating those risks. The Service Plan provides detail on how the Service delivers these strategies. A number of objectives are described within the Service Plan, as are the subordinate tasks and activities which the Service is required to undertake. Progress against each of



# Combined Assurance Status Report

the objectives is reported on a quarterly basis to the Performance Management Board.

Additional management assurance is undertaken through monthly Service Management Board meetings. These focus on strategic direction, implementation of policy and Service change and management of organisational performance.

The Service has an integrated Quality Assurance framework which provides a continual, systematic review of operational response capability. All fire stations are inspected annually as part of the Chief Fire Officer's inspection programme. Performance at incidents is regularly reviewed with key findings and learning points fed back to inform training and development priorities.

In accordance with the Fire and Rescue National Framework for England the Service produces an annual Statement of Assurance covering financial, governance and operational matters. The Statement of Assurance 2017-18 was published in November 2018 following submission to the Public Protection and Communities Scrutiny Committee.

Third party assurance is drawn from a range of sources including:

- Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). The most recent HMICFRS inspection report was published in December 2018.

- The Local Government Association and Chief Fire Officers Association Peer Challenge. The most recent Peer Challenge was conducted in September 2017.
- Assessment of the Service's national resilience capabilities including reclassification of the UK International Search and Rescue team in May 16 and assurance of our Urban Search and Rescue team in October 2016.

## Lower Assurances

Areas of lower assurance for the Service include:

- Protection - capacity to carry out legislative risk-based inspection programme. This is being mitigated through an internal restructure and the submission of a business case to establish 2 additional inspector posts.
- Resources – inability to record training in a consistent way. A new electronic system is in the process of being implemented. This will be fully operational by July 2019.
- Resources – funding uncertainty post 2019/20 and the potential for further budget reductions/pressures.
- Resources - reduced capacity from both the centre and within the Service.



# Combined Assurance Status Report

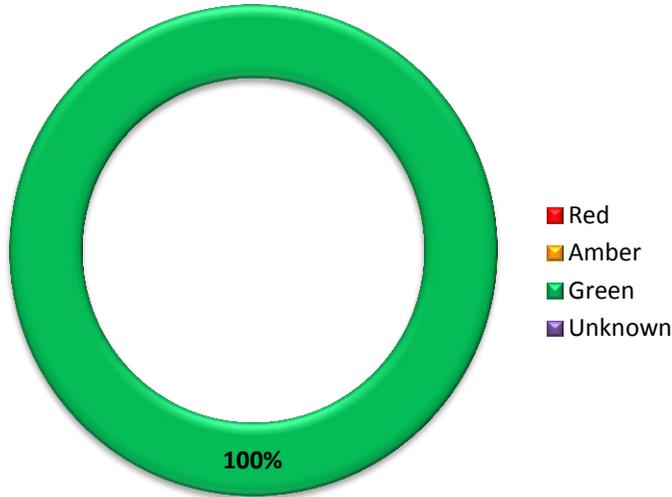
## Emergency Planning & Business Continuity

### Green

Business Continuity promotion to voluntary sector and SMEs  
Business Continuity

### Amber

### Red



### Overall Comments

The Emergency Planning and Business Continuity Service's vision is 'A Lincolnshire that is prepared for any event that can be reasonably foreseen and works together with all partners in an emergency to keep our communities safe.' Our mission is 'Keeping our communities informed, safe and resilient.'

The County Council must be able to maintain its own critical functions during any disruption to business, and has a number of lead roles and responsibilities in any civil emergency under the Civil Contingencies Act 2004. These include the welfare of victims and evacuees, provision of emergency shelter, coordination of the voluntary sector and also a community leadership role. The council would also lead on all recovery efforts.

The last twelve months has seen significant progress being made since the last combined assurance report was produced and the service are pleased to have achieved 100% assurance status. The team are now back up to full strength and have an extra part time resource funded by public health. This has allowed projects to progress as planned in the

### Overall Assurances

#### Green

Emergency Response  
Duties relating to the Civil Contingencies Act  
Emergency Planning & Business Continuity provision to Districts  
Lincolnshire Resilience Forum

#### Amber

#### Red



# Combined Assurance Status Report

service plan and given some resilience both to the duty officer system and extra support for individual pieces of work. It has also allowed the service to better understand and integrate with public health.

Over the last two months the Cabinet Office has asked all Local Resilience Forums (LRF's) to undertake two additional urgent pieces of work. The first is planning for a no deal Brexit, the second, cyber resilience planning. Lincolnshire LRF has established multi-agency working groups for both and the service are actively involved in all aspects of planning in both areas. This will in due course have an impact on normal service delivery as officers are being taken away from normal duties and we are required to provide regular updates to Cabinet Office on progress. The service is liaising with Cabinet Office, Humber and East Midlands LRF's during this process.

SLA's have been renewed with six of the seven district councils for provision of emergency planning and business continuity advice and support. A dedicated liaison officer from the service spends a day per week at each district. Individual work plans have been agreed with each authority and emergency planning and business continuity related training has been provided to local authority commanders, officers and elected members throughout the past year.

The Emergency Planning and Business Continuity Manager now provides both the Secretariat and Programme Manager

roles for the LRF. Officers provide project manager and project support officer roles. This affirms the council's commitment to the LRF and allows us to influence and shape multi agency response, training and development opportunities.

Following the LRF's command and control review, the new LRF strategic commander training package has been delivered to close to 140 strategic commanders across partner organisations through five training days.

The new strategic commander folders have been very well received and have also been entered on the national Joint Organisational Learning (JOL) platform. Cabinet Office have cited them as potential new best practice and several other LRF's have asked for details with the intention of using them in their own areas.

Tactical commander training will commence in spring 2019 due to current winter pressures preventing some LRF organisations from participating in all non-essential training events. The training package and command folders are being prepared in support and ahead of this training.

The review of LCC's business continuity management systems is still in progress and still slightly behind schedule following the staff shortages and pressure of incidents last year. Currently the focus is on LCC critical functions and all risk assessments and business impact assessments have



# Combined Assurance Status Report

been completed for these areas. New business continuity plan templates are currently being rolled out and completed by service leads and the service's emergency planning liaison officers. Next steps are to complete the corporate plan and policy and strategy documents. An exercise is being planned for early next year for the corporate business continuity group. This group has been brought together on a few occasions over the last year to co-ordinate the response to the business continuity and IT outages that the council have faced.

The County Emergency Centre (CEC) is in need of an IT and communications upgrade to meet modern requirements and resilience. Work is currently underway to identify equipment and resources that will ensure that the CEC is fit for purpose going forward. The team are still in their temporary accommodation pending the move of fire and rescue control to Nettleham joint HQ. This delay will also have an impact on the CEC upgrade project.

Objectives and tasks going forward include:

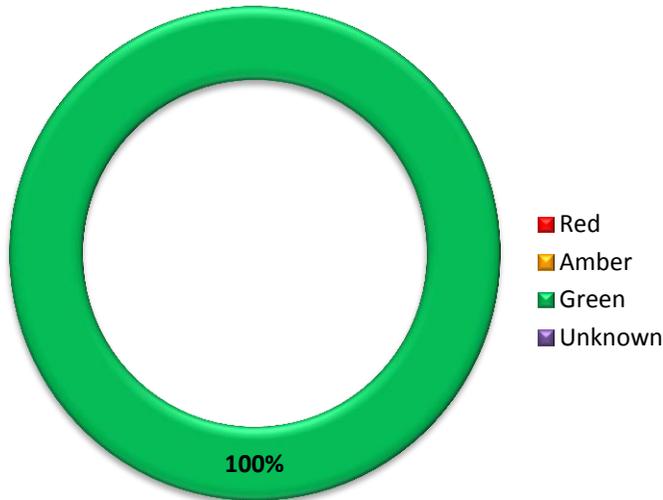
- Assessment and planning for the risk of emergencies occurring in the county.
- Support for communities to enable them to respond to emergencies.
- Provide LCC and districts with emergency planning and business continuity advice.
- Support the Lincolnshire Resilience Forum.

- Provide command training and support to LCC and districts.



# Combined Assurance Status Report

## Business Support



### Overall Comments

Business Support provides a multi-disciplinary support service providing both front line customer facing services as well as back office activities. The service is provided across the majority of Council business areas. The service focuses on cross skilling staff to promote excellent service provision and provision of key service outcomes whilst building resilience and improving processes to develop a more efficient authority.

### Management of Risk

There are no high risk (Red) areas across Business Support.

During 2018, following the initial transfer of 0-19 Children's Health services into the Council, Business Support took have provided the Single Point of Access (SPA) for services users and professionals to contact the authority for new referrals, advice and support. During the year the service was redesigned to remove locality support to provide a corporate function from the SPA hub. Whilst this resulted in an initial loss of knowledge and skills, posts were filled prior to existing staff leaving to provide time for training and experience to be developed in this area. Processes continue to be reviewed and actions have been taken to improve service, which has resulted in targets and KPIs being consistently achieved. During 2018 a customer satisfaction survey has also been introduced to enable measurement of customer service.

### Overall Assurances

#### Green

- Single Point of Access
- Child & Adult Safeguarding Conferences
- Income Management
- Purchasing & Requisitioning
- Audit of Customer Finances
- Starters / Movers / Leavers

#### Amber

#### Red



# Combined Assurance Status Report

Support provision to Child Protection and Adult Safeguarding is a core function of Business Support. Work has been completed with both Adult Care and Children's Services and specialist teams are now in place to support regulated conferences and meetings to ensure core performance targets are achieved. Workflow is regularly monitored and reported on to service to provide third party assurance. Improvements are continuously made to ensure production of quality case reports and to improve statutory reporting. The resourcing of the team has been increased to meet growing demands for Adult Safeguarding, with new staff supported through a comprehensive training programme which operates across Business Support to ensure appropriate skills are in place. In 2018 the provision of support to Fostering and Adoption Panels was also moved into this team.

In terms of income management (Imprest and cash handling) all staff complete extensive training to ensure they are fully compliant with the Business World processes. The Business Support management team work closely with finance and audit to ensure income collection is compliant, in particular within areas of high income collection. Income audits are undertaken by managers and reported. In addition, Team Leaders are required to complete monthly audit returns to confirm Imprest accounts have been reconciled.

Business Support provides local financial support functions including requisitioning, recoding of invoices and payment

requests all processed within Business World. All staff undertake specific training prior to access being granted to the system. Business World reports provide regular data to managers highlighting where peaks in transactions exist within the system, or where transactions are outside of LCC performance timescales. Managers use these reports to address performance, compliance issues or to instigate reallocation of tasks in order to meet the deadlines. It is not anticipated there will be a significant impact on financial support compliance through the impending upgrade to Business World.

The Business Support Customer Finance Team continued to focus on the audit and verification of financial assessments, personal budgets and direct payments in recovering overpaid or unused monies from service users. The team has been further strengthened through increased resource which has been funded by Adult Care enabling significant values to be recovered back into the Council. Ongoing skills development and management of performance means this team is consistently exceeding key performance indicators, which is reported to Adult Care and Community Safety DMT.

During 2018 a concern was raised with regards to the quality of starters, movers and leavers forms which was having an impact on payroll services through Serco. To address this Business Support established a data validation team to provide a specialist support service to managers and to quality



# Combined Assurance Status Report

assure all forms that are sent to Serco in respect of these personnel changes. Data on errors, missing information and late submission of forms is reported monthly to People Management and DMTs to drive up the quality of information across the Council.

## Lower Assurances

In 2019 the national Blue Badge system is being scaled back by the Department of Transport to provide a basic service only to produce badges. During 2018 a decision was made to procure a short term contract for Northgate to provide a CRM solution which would streamline processes and create efficiencies. Implementation of this new system is due in January 2019 and although planning and testing work has been completed by the provider and the users there is a potential risk that the system may not provide the full functionality of the current system, which may result in delay in the production of badges. Back up plans to manually process and produce badges has been put in place to address this.

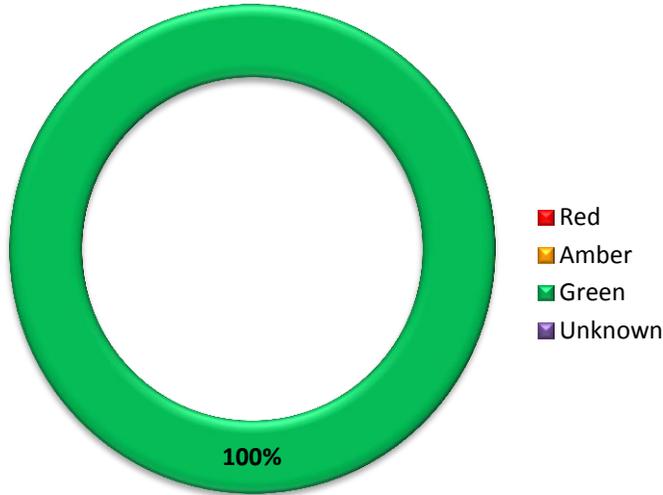
As a key supporter of Apprenticeships, Business Support provides an Employer Provider Centre for Level 2 and 3 in Business Administration. To complete training learners need to be able to demonstrate their 20% 'off the job' learning and ensure their qualification is completed within the required timescales. There is a risk if they do not do so, they could fail the qualification and a significant number of withdrawals or

failures could trigger an early inspection from Ofsted. Actions have been put in place to ensure management oversight of learners is undertaken with trainers and line managers to ensure timely completion in accordance with the required frameworks.



# Combined Assurance Status Report

## Safer Communities



### Overall Assurances

#### Green

Commissioned Services & Contract Management  
 Trading Standards  
 Domestic Homicide Reviews  
 Community Safety

#### Amber

#### Red

### Overall Comments

Safer Communities covers two key service areas Trading Standards and Community Safety. For the first time since 2011 all services are shown as green. During 2018 a lot of work has been put into the recommissioning of services for adult and child victims of domestic abuse. This was done with wide input from across LCC including adults and children. The new services went live in August 2018. April 2018 saw the implementation of revised arrangements for the countywide community safety partnership, now known as the Safer Lincolnshire Partnership (SLP). The new arrangements include more focused priorities and a rationalised structure to reflect the available resources from partners.

### Management of Risk

A risk register is maintained by the service, a separate register is kept on behalf of the SLP. The recommissioning of DA victim services was managed through a programme board which was well supported by commercial and commissioning colleagues. This board will be maintained to ensure a joined up approach to domestic abuse across LCC. The risks around enforcement activity are managed through referencing various statutory guidance such as the Code for Prosecutors, seeking relevant legal advice and a formal sign off procedure. This is essential as the cases now being investigated, often involve complex frauds, organised criminality or impacts on serious injury or death.



# Combined Assurance Status Report

## Lower Assurances

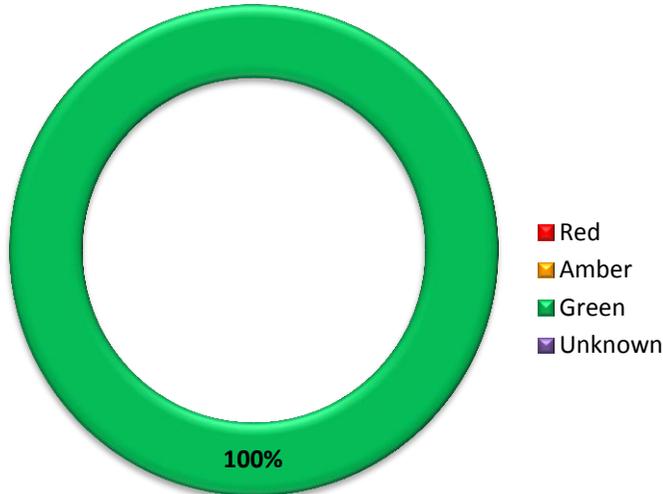
Although key services have been assigned green ratings there are a number of projects that are designated as amber, such as the Safer Together project which looks to formalise and develop collaborative working arrangements with the police. The risks of this project are mitigated by the support from a project manager who is engaging with lead advisors in HR, legal and property and the maintenance of a risk register.

Brexit-at the time of writing the impacts of the form and impact of exiting the EU are unknown. Whatever form this takes it will involve changes to the regulatory framework and possibly involve greater duties for local services. The risks are managed through our membership of the Chartered Institute of Trading Standards who have provided impact analysis for both central and local government.



# Combined Assurance Status Report

## Registration, Celebratory & Coroner's Services



### Overall Assurances

**Green**  
Registration & Celebratory Services  
Coroner's Service

**Amber**   **Red**

### Overall Comments

Customer satisfaction within the Registration Service continues to be very high as highlighted in the annual customer survey with the responses rated as Excellent, Very Good and Satisfactory at 100% for the second year running. 96.2% rating the service as Very Good or Excellent. In addition the service retained the Government's standards in Customer Service Excellence although the report did note with disappointment the continuing lack of credit/debit card payment facilities. The service has met its statutory responsibilities evidenced by the submission of the Annual Performance Report to the General Register Office.

The Coroner's Service has developed significantly over the last 12 month on its continuing route to transformation. The caseload appears to have reduced slightly and stabilised after significantly higher volumes in 2015, 2016 and 2017.

### Management of Risk

A comprehensive Risk Register and Business Continuity Plan are maintained and reviewed regularly for both service areas. Individual risk registers are prepared for new projects as appropriate seeking guidance from subject specialists e.g. data protection colleagues and procurement colleagues. Within the Coroner's Service changes to process and procedure continue to be adopted which have improved timescales for bereaved families.



# Combined Assurance Status Report

Coronial contracts are managed to reduce risks and are supported by positive and constructive working relationships and regular contract meetings.

The increasing complexity of the law in relation to interpretation of both existing and historic legislation to meet the needs of an ever diverse society will continue to provide potential challenge to both the Registration Service and Coroners. There is the increasing threat of judicial review recognising the status and decision making of Coroner as an independent judicial office holder and registration officers as statutory officers in law.

Effective and comprehensive training for all involved in the service will be essential and will require further development for the Coroners Service.

## **Lower Assurances**

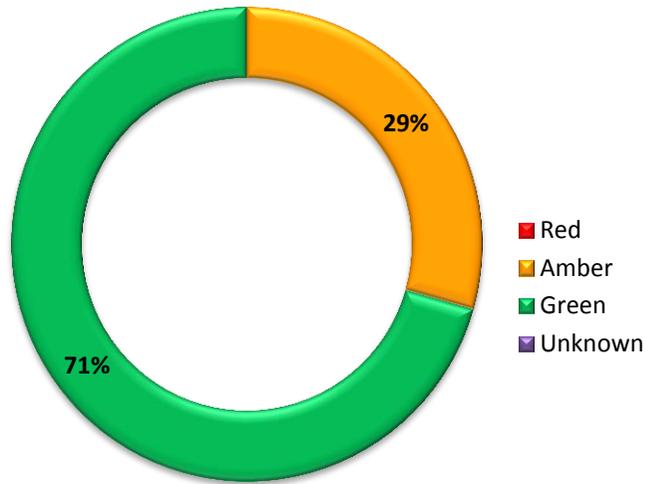
Coroner's Service – Since August 2017 the merger of the two existing Coroner Areas into one combined area has provided greater opportunities to improve service provision streamline processes and reduce costs. This will be monitored continually to evidence and document improvements and financial savings and will be supported by a new IT platform and case management system in September 2018.

Financial risk management in relation to Long Inquest payments have reduced significantly and will be alleviated with the appointment of the new Senior Coroner.



# Combined Assurance Status Report

## Key Projects



Green	Amber	Red
Fire Appliance replacement		
Replacement of BA equipment	Development of Zipporah & on-line payment	
Replacement of Mobile Data Terminals		
IT & Communications for the CEC		
Command & Control Review & training		
Multi Agency approach to Fraud		
Tobacco Control		
European Settlement Applications		

## Overall Assurances

Green	Amber	Red
Holding Company / Property Company	Blue Light Programme / South Park Blue Light Campus	
Corporate Landlord	Rebuild of Business World ERP system	
Pension Fund Asset Pooling	Future Control Project	
Implementation of WPF insurance system (MIMS replacement)	Safer Together	

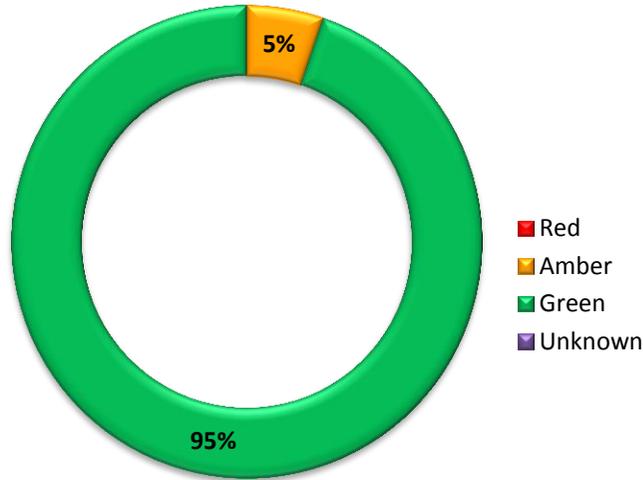
## Overall Comments & Management of Risk

A number of key projects are in progress to support service development. The majority have assurance rated as Green. Five projects are classified as Amber at this stage. These will continue to be actively managed and monitored until completed.



# Combined Assurance Status Report

## Key Partnerships



Green	Amber	Red
EMAS & LIVES Co-responder / Joint Ambulance Conveyance		
Arson task Force		
Blue Light Collaboration		
Primary Authority Schemes		
Safer Lincolnshire Partnership		
Lincolnshire Road Safety Partnership		
Lincolnshire Police		
Trading Standards East Midlands		
Office of the Police & Crime Commissioner		
GRO		
UK Visa & Immigration Service		

## Overall Assurances

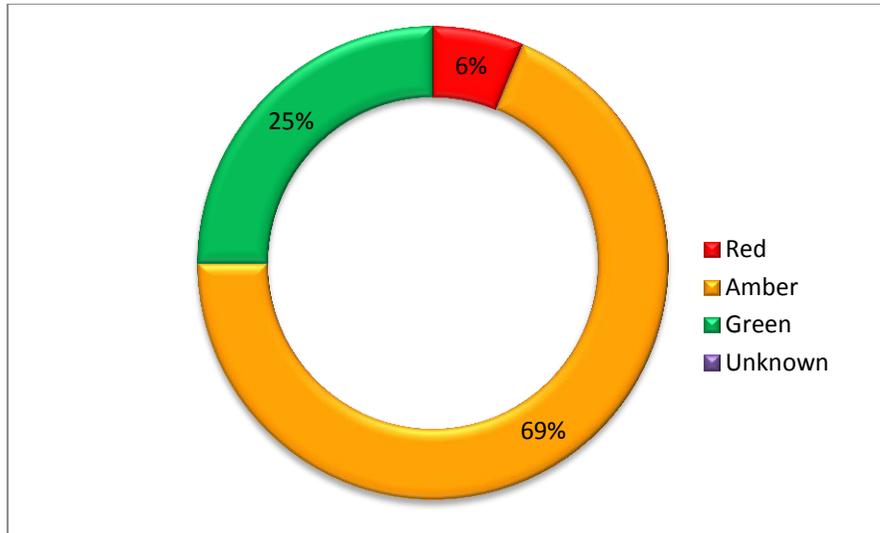
Green	Amber	Red
Greater Lincolnshire One Public Estate	EMAS / Police (with Coroner's Service)	
Border to Coast Pension Partnership		
City of Bradford Metropolitan Council (WYPF)		
Assurance Lincolnshire		
Lincolnshire Resilience Forum		
Lincolnshire District Councils		

## Overall Comments & Management of Risk

Key partnerships identified by service managers are generally working well with positive assurance. A new Senior Coroner for Lincolnshire means establishing new relationships and the opportunity for improved ways of working with both EMAS and the Police for the Coroner's service.



## Key Risks



## Strategic Risks

**Council's highest rated Strategic Risks for this area of the business**

**Resilience (Business Continuity)**

## Budget - LCC

The Directorate has identified their most significant 'tactical' risks:

- Resilience (Business Continuity) has been assessed within the overall strategic risk register to have a substantial assurance against a substantial level of risk. All business continuity plans have or are being updated in 2018/19. The key risk area where further work is required relates to IT infrastructure and systems resilience, which are outside this Directorate's areas of responsibility.
- Lack of knowledge, skills & retention of experienced staff. This is being addressed through a succession planning / appointment process to replace those retiring or in late 2018 and in 2019.
- Insufficient budget to meet future service levels / service demands. To address this a provisional budget for 2019/20 has been published for consultation and will be finalised in February 2019. A further comprehensive, zero based budget review will be completed by Summer 2019 to address the budget challenges for the period after March 2020. By Summer 2019 there may also be further clarity regarding a number of significant national funding issues – the next Spending Review, The Green Paper on future



# Combined Assurance Status Report

funding of Adult Social Care and the Fair Funding /  
Business Rates retention Reviews.

## Operational Risks

The Directorate has no Red Operational Risks.

## Emerging Risks

Only one Red risk is reported – the potential impact of Brexit on Pension Fund investments. This reflects the status in the Pension Fund Risk Register and has ongoing monitoring by the Pension Board & Committee.



# Combined Assurance Status Report

Strategic Risk Register  
Version: 1.2  
Reviewed: January 2019 (links to Commissioning Strategies January 2015)  
Owner: Chief Executive

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	<b>Resilience (Business Continuity)</b> 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.	<b>Mature (Projects &amp; major change - need to be innovative and take higher risks for greater reward - higher levels of devolved authority)</b> <b>Creative &amp; Aware (Partnerships - Recognised that we work differently with different partners)</b>			Substantial	Improving	<p><b>Existing controls</b></p> <ul style="list-style-type: none"> <li>Investing in protection and vulnerability reduction (e.g. Boston Barrier) - this refers to the flooding part of the risk</li> <li>Commissioning through effective partnership working (e.g. LRF, LHRP and FR &amp; DM)</li> <li>Flood risk drainage management strategy - this refers to the flooding part of the risk - Now with strategic and operational group.</li> <li>Implementation of Senior Management Command arrangements:               <ul style="list-style-type: none"> <li>The strategic and tactical commanders are now on call.</li> <li>New training for tactical commanders has been developed and implemented with a hand out provided for emergency situations</li> </ul> </li> <li>Maintaining organisational / operational competencies (training &amp; exercising) in key roles and functions of command outside our control, multi-agency co-ordination and business recover</li> <li>Training and exercise of people in roles of command, business recovery and multi-agency co-ordination including Cygnus. Elected members are now trained in responses to emergency situations by BC &amp; EP.</li> <li>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.</li> <li>BC and EP team are now at full capacity with the addition of a Health EP officer. 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)</li> <li>A corporate business continuity group has been established and used. They meet twice a year to share information and review preparedness.</li> <li>There is a mutual aid capacity within Lincolnshire and its districts with the other councils around Lincolnshire.</li> <li>Working directly with services to develop service BC plans</li> <li>Review outstanding issues from recent audit report</li> <li>Ensure plans are in place. Three year audit plans built into team members objectives to review every three years.</li> <li>The command and control audit is complete</li> <li>Lincolnshire Resilience Forum has a Business Continuity IT Security group. It is used for information sharing, identifying critical suppliers and other subjects within the IT area.</li> </ul> <p><b>New / Developing Control</b></p> <ul style="list-style-type: none"> <li>Redesigning 3 year programme - reflect and review impacts of organisational change - near completion</li> <li>Policy and strategy documents are to be reviewed next.</li> <li>Exercises are being undertaken to test / train critical services</li> <li>New Comms plan - in progress - The draft communications plan is available and will be finalised in the near future. This will include a text messaging system.</li> </ul>
7	Pete Moore	<b>Budget - LCC</b> Funding and maintaining financial resilience	<b>Creative &amp; Aware (Finance &amp; 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)</b>			Substantial	Static	<p><b>Existing controls</b></p> <ul style="list-style-type: none"> <li>Sound process on trying to protect where funding is going supported by Medium Term Financial Strategy</li> <li>Good financial management with monitoring arrangements in place</li> <li>Accountability framework</li> <li>Council Priority Activities agreed &amp; delivery of major projects managed / monitored.</li> <li>Close working with DC's on funding arrangements</li> <li>Medium term financial plan for next 3 years updated as part of budget process</li> <li>Financial Volatility Reserves available to support budget as required</li> <li>Reviewed Financial Strategy</li> <li>Quality impact assessment on Council Tax increase</li> <li>Building flexibility to deal with in-year changes</li> <li>Capital Programme/Asset Sales Review and approval of newer capital strategy</li> <li>Use of capital receipts to part fund revenue budget</li> <li>A provisional budget for 2019/20 has been published for consultation and will be finalised in February 2019. A further comprehensive, zero budget review will be undertaken by Summer 2019 to address the budget challenges for the period after March 2020. By Summer 2019 there may also be further clarity regarding a number of significant national funding issues - the next Spending Review, the Green Paper on future funding for Adult Social Care and Fair Funding / Business Rates Retention Review.</li> </ul>

# Combined Assurance Status Report

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## What we do best...

**Innovative assurance services**

Specialists at internal audit

**Comprehensive risk management**

Experts in countering fraud

## ...and what sets us apart

**Unrivalled best value to our customers**

Existing strong regional public sector partnership

**Auditors with the knowledge and expertise to get the job done**

Already working extensively with the not-for-profit and third sector



# Combined Assurance Status Report

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## Introduction

This is the seventh combined assurance report for Environment and Economy within the Council.

By grouping the different sources of assurance in a single model we provide the basis for Senior Management and Audit Committees to gain a better understanding of their organisations assurance status and needs.

We do this by coordinating assurance arrangements – providing some structure – this is our Assurance Map.

We have well established Assurance Maps that help us to focus our work plans on the make or break risks that affect the successful delivery of services and strategic objectives. The Maps also recognise the importance of critical business systems that support successful delivery and ‘protect the business’ – the due diligence activities.

The Maps give an overview of assurance provided across the whole organisation – not just those from Internal Audit – making it possible to identify where assurances are present, their source, and where there are potential assurance ‘unknowns or gaps’.

The Maps are an invaluable tool for senior managers, providing a snapshot of assurance at any point of time. This report explores those assurances in more detail.

We gathered and analysed assurance information in a control environment that:

- takes what we have been told on trust, and
- encourages accountability with those responsible for managing the service.

## Scope

We gathered information on our:

- **Critical systems** – those areas identified by senior management as having a significant impact on the successful delivery of our priorities or whose failure could result in significant damage to our reputation, financial loss or impact on people.
- **Due diligence activities** – those that support the running of the Council and ensure compliance with policies.
- **Key risks** – found on our strategic risk register, operational risk registers or associated with major new business strategy / change.
- **Key projects** – supporting corporate priorities / activities.
- **Key partnerships** – partnerships that play a key role in successful delivery of services



# Combined Assurance Status Report

## Methodology

To ensure our combined assurance model shows assurances across the entire Council, not just those from Internal Audit, we leverage assurance information from your 'business as usual' operations. Using the '3 lines of assurance' concept:



Our approach includes a critical review or assessment on the level of confidence the Board can have on its service delivery arrangements, management of risks, operation of controls and performance.

We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- Considering other information and business intelligence that feed into and has potential to impact on assurance.

We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.

The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge **but** as accountability rests with the Senior Manager we used their overall assurance opinion.



# Combined Assurance Status Report

## Key Messages

Management of risk is about assessing the probability of something occurring and the impact that the occurrence will have. The beauty of probability is that the event will occur at some time to someone if you repeat the risk operation often enough! We can do things to reduce the chance of it happening. We consider too whether we can reduce the effects of the risk when it occurs.

The risk rating reflects a point in time with a specific project and the management actions that are being applied to the activity. Some risks cannot be foreseen and our ability to react and respond to situations is an important part of our assurance approach. So within the year the collapse of Carillion could have had a catastrophic effect on the delivery of the Lincoln Eastern Bypass project but our ability to react and respond has ensured that the project has been well managed although with a re-profiling of the budget and delivery timescales.

There has been an increase in assurance levels since last year with two thirds of the Directorate activity receiving a green rating. This provides a level of confidence that the measures we are introducing to manage risk of having a positive impact. Achieving the green rating does not mean that the good practise of managing those risks is then removed so the good practise will continue to be applied and rolled out across other activities too.

Of those risks that are at Amber many are influenced by factors that are beyond the immediate control of the service involved. Increasingly, the Council is working in collaboration or partnership and some of our activities are highly influenced by central government and their funding streams and processes. This is normal and becomes a context for County Council activities that we are able to manage through a sound understanding of risk management.

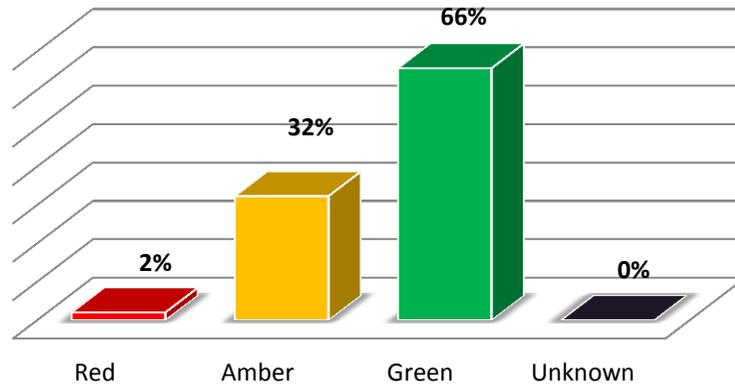
Collaboration with other organisation will remain and increasingly be a feature of the way in which we do business. So the management of risk given the shared ownership of activity becomes more important. The assurance level for the Director provides the confidence that working in collaboration can be effectively managed.

There are uncertainties in the economy especially as a result of the pending implications of Brexit. These may result in difficult trading conditions for some of our suppliers and on larger projects this can leave the Council vulnerable to business failure. Our ability to react to the Carillion collapse though does indicate the resilience that exists with the Council to adapt.

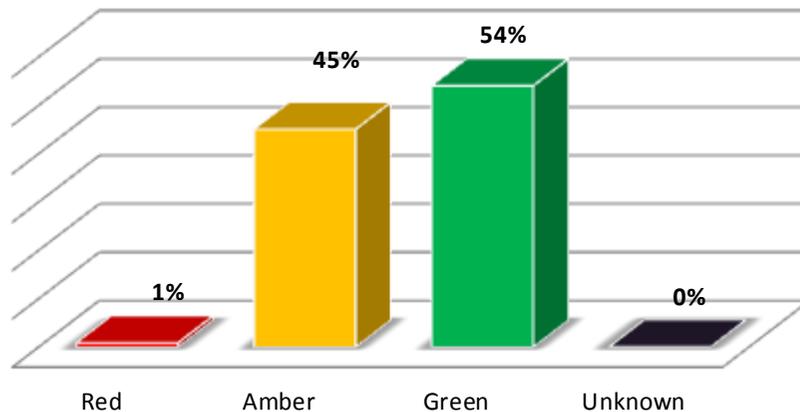


# Combined Assurance Status Report

## Overall Assurance Status 2018/19



## Overall Assurance Status 2017/18



## Suggested next steps.....

We will continue to examine services running at Green to ensure that there is further best practise to introduce and ensure that the best practise is rolled out across other activities to aim to increase further the overall assurance levels.

Most of my accountabilities are for services that affect many if not all people in Lincolnshire – so called "universal" services, rather than ones tailored to an individual. This can lead to services that can feel impersonal and uncaring of the impacts on individuals. Our aim will be to provide opportunities for people to have a positive experience when they engage with the Council. This will be tackled by reviewing our approach to customer engagement, customer care and providing quality assurance within a performance management framework.

We still need to work hard to give good value for money with less cash than we had a few years' ago. That will mean a cycle of continuous review and improvement embracing the opportunities provided by innovation, new technologies and new ways of working



## Critical Systems

The Directorate structure has been amended within year as a result of changes at Corporate Management Board (CMB) level within the organisation. This report has been collated at a point in time where change has been underway in respect of key accountabilities. Overall management for most of the year was under the umbrella of an Executive Director's Leadership Team through three Directorate Management Teams (DMT):

- Environment & Economy (the various "place functions")
- Community Engagement
- Council & Information Governance (which will include my Monitoring Officer accountabilities)

These have provided the management accountability for management of the services and associated risks. During the reporting period responsibility for the information governance and legal Services functions have been re-allocated to other parts of the CMB team.

This in part reflects the fact that the Council's information technology remains a matter for concern and is being addressed directly through the Chief Executive. The ongoing risks in this area are now reported elsewhere.

The Directorate has now been reconfigured under a Director of Place and new management structures will evolve but the fundamental principle of a Director leadership Team taking overall ownership and accountability for the services, risks and assurance will be retained.

Engagement with citizens and stakeholders is important as a means of engaging with the long term vision for the future of the County but also in terms of some of our front line services and in delivering many of our future policies and projects. We continue to develop the customer engagement aspect of the Directorate to ensure that clear and appropriate messaging through relevant and appropriate mediums is undertaken. So we are increasing our digital engagement facilities and we expect these channels to improve further, with less reliance on face to face and telephone communications.

The Directorate works closely with a range of external partners and the overall levels of assurance reflect the positive nature of many of those relationships. Continued engagement strategically with partners and ensuring that our wider communication and engagement reflects those strategic relationships will continue to be a focus for the Directorate ensuring that detailed project delivery is set within an appropriate context.



# Combined Assurance Status Report

The overall positive assurance attached to individual projects reflects this strategic messaging but also the project governance arrangements that are in place for specific projects. This reflects effective resource allocation, performance monitoring and escalation procedures to ensure interventions occur if or when required.

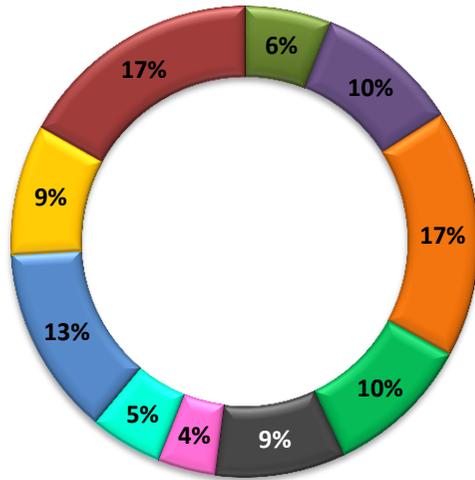
The successful project delivery also reflects the effective inter-departmental working that exists to ensure that resources are effectively mobilised to deliver wider corporate objectives. For example the joint approach to address the collapse of Carillion and the impact on the delivery of the Lincoln Eastern Bypass project reflected a joined up approach between the Directorate and other parts of the Council, a position verified by subsequent internal audit.

The complexity of many of the work-streams and projects will ensure that the Directorate will continue to use the assurance mapping process as a tool to assist in looking for ways to innovate and improve the overall levels of assurance that can be reported in future years.

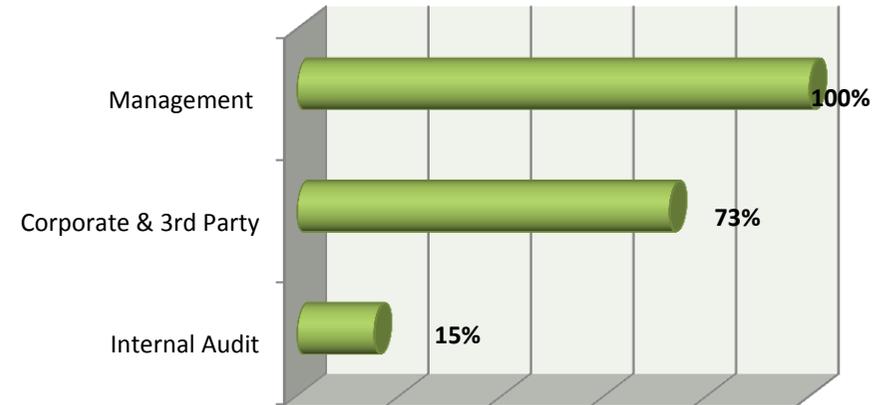


# Combined Assurance Status Report

- Sustaining and growing business and the economy
- Protecting and Sustaining the Environment
- Sustaining and Developing Prosperity through Infrastructure
- Community Resilience and Assets
- Legal
- Democratic Services
- Communications
- Key Projects
- Key Partnerships
- Key Risks



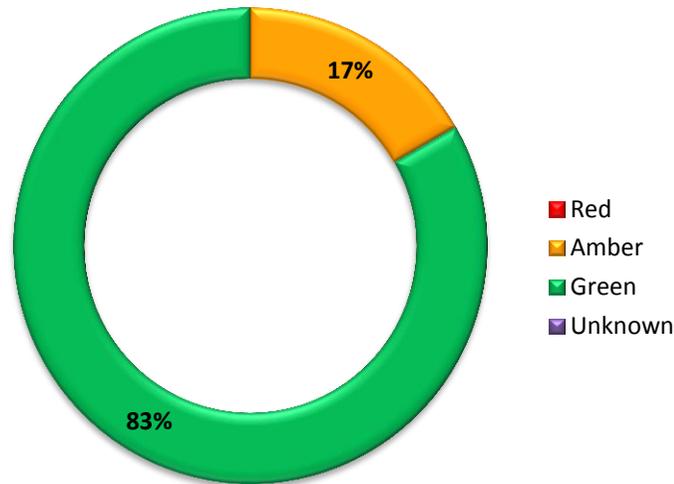
## Who Provides Your Assurance





# Combined Assurance Status Report

## Sustaining and Growing Business and the Economy



### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>• Adult Learning and skills</li> <li>• Business Support Programmes</li> <li>• Commissioning of Place Marketing</li> <li>• Tourism</li> <li>• Local Enterprise Partnership (LEP)</li> </ul>	<ul style="list-style-type: none"> <li>• External Funding Generation and Management</li> </ul>

### Overall Comments

A significant level of assurance management continues to take place within the "Sustaining and Growing Business and the Economy" commissioning strategy. This is mainly carried out by third parties who provide external funding. The Head of Service and Managers take personal responsibility for preparing any assurance visits by third parties, and team members regularly receive training in programme and financial management. These layers of assurance have led to most activities being graded "Green".

### Management of Risk

The Head of Service and Managers have identified that the primary risks to the service relate primarily to the ability to attract and then maintain external funding, and partly to the availability of competent staff. The management team meets each month and collectively address specific issues that feature in their analysis of overall risk or in project specific activity. A local People Plan has been implemented to support the training and development that is required for staff. Progress against each of the areas of activity is regularly reported to, and debated by, the council's Economic Scrutiny Committee.



# Combined Assurance Status Report

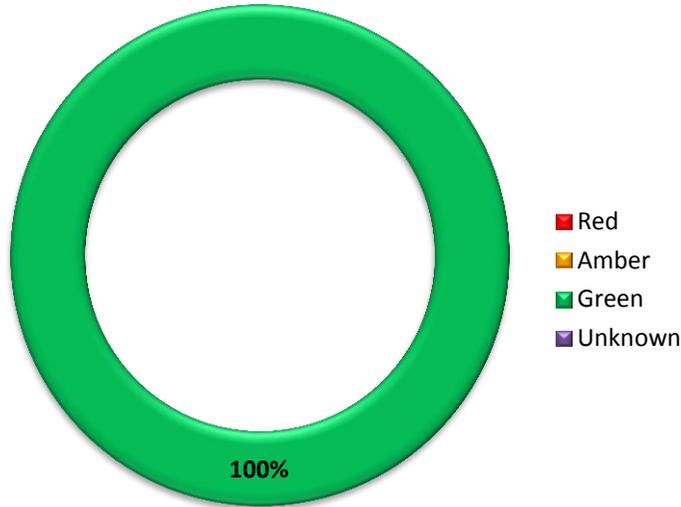
## Lower Assurances

The only activity activities which are graded "Amber" relate to the attraction of external funding and to the Local Enterprise Partnership. There is a risk to maintaining external funding levels if the council's IT system cannot produce appropriate administrative reports and this will remain relevant as the council moves to an updated Business World On/Agresso system. Staff continue to work with the council's finance department on finding a solution to this risk. There is a risk to the LEP if it does not respond favourably to the government's new LEP Assurance Framework and a further, significant, risk that the government's review of LEPs could lead to reduced funding if the LEP cannot gain agreement over its boundaries. The LEP has created a task and finish group of board members to address the various aspects of the government's review. Staff have formed a small working group to ensure that they can demonstrate how the LEP's current systems meet the requirements of the government's Assurance Framework and where the systems do not meet the government's requirements then staff will adapt the systems so that they do meet the government's requirements.



# Combined Assurance Status Report

## Protecting and Sustaining the Environment



### Overall Assurances

- | Green   |
|---|
| <ul style="list-style-type: none"> <li>• Carbon Management</li> <li>• Strategic Flood Risk Management</li> <li>• Operational Flood Management</li> <li>• Environment Strategy</li> <li>• Waste Management (Strategy)</li> <li>• Waste Management (operational)</li> <li>• Infrastructure delivery</li> <li>• Minerals and Waste Planning</li> </ul> |

- | Green   |
|---|
| <ul style="list-style-type: none"> <li>• Joint Policy Working</li> <li>• Archaeological and conservation/Districts advice</li> <li>• Operational Environment Maintenance</li> </ul> |

### Overall Comments

The overall level of assurance is good with no areas of high risk and reflects the public facing nature of much of this activity which is therefore open to public and press interest.

### Management of Risk

As much of the activity operates in an environment where decisions are subject to committee decision or committee scrutiny there is a level of confidence about risk is effectively managed.

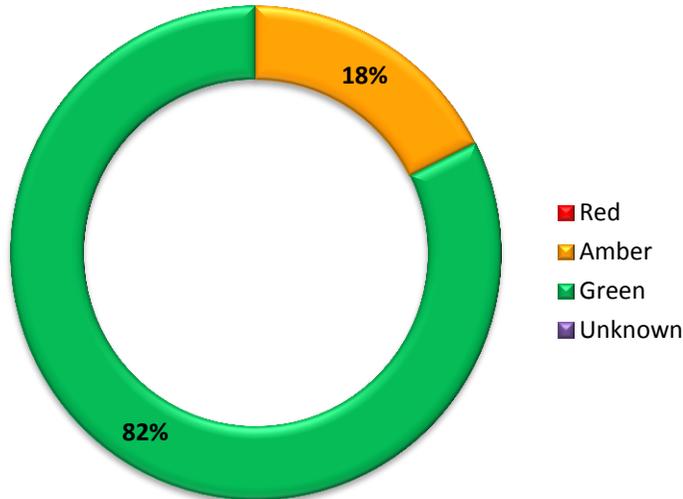
### Lower Assurances

There are no activities with a lower assurance with strategies for both waste and carbon management in hand to be adopted in January 2019



# Combined Assurance Status Report

## Sustaining & Developing Prosperity through Infrastructure



Green	Amber
<ul style="list-style-type: none"> <li>• Asset Management</li> <li>• Civil Parking Enforcement</li> <li>• Events Management</li> <li>• Highways Alliance</li> <li>• Development Management (Flood Risk and Highways)</li> <li>• Economic Regen sites and Premises Operation</li> <li>• Economic Development Capital Projects Implementation</li> <li>• Spatial Regeneration Activities</li> <li>• Investment Promotion Service</li> </ul>	

### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>• School and College Transport</li> <li>• Social Care transport (children and adults)</li> <li>• Delivery of Local Transport Plan</li> <li>• Concessionary Fares</li> <li>• Network Management</li> </ul>	<ul style="list-style-type: none"> <li>• Lincolnshire Public Transport Network (including Community Transport)</li> <li>• TransportConnect Ltd (Teckal Company)</li> <li>• Road Safety Partnership</li> </ul>

### Overall Comments

The overall assessment reflects the strong project management approach taken in most of these areas to provide effective assurance of the work delivered in these areas. This reflects the value attached to much of this activity and the fact that much of the highway and transport related activity are universally available services.



# Combined Assurance Status Report

## Management of Risk

The use of internal policies and procedures, as well as political scrutiny, provides a level of confidence and control to senior management of the way in which these activities are delivered. The use of quality assurance systems including BS standards ensures a consistency of approach.

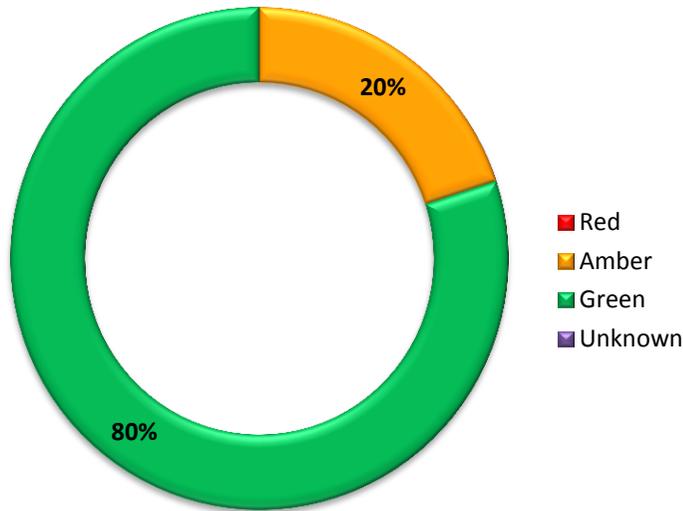
## Lower Assurances

The areas of lower levels of assurance relate to uncertainty and instability of the public transport market as well as legislation changes. Funding challenges for the Road Safety Partnership, including a national review of charging for speed awareness courses, will require assessment once budgets are confirmed.



# Combined Assurance Status Report

## Community Assets and Resilience



Green	Amber
<ul style="list-style-type: none"> <li>• Volunteering Support</li> <li>• Library and Information Services</li> <li>• Customer Service Centre</li> <li>• Terrorism and Serious &amp; Organised Crime</li> </ul>	

### Overall Comments

Library and information services are now in the third year of operation under the contract with Greenwich Leisure Limited (GLL) and performance around library use remains strong and improving with no issues with regards to KPI's. However, there is a concern around IT provision to both main libraries and to community hubs where due to the age and lack of investment and upgrade, the IT is unstable and unreliable. This has had a direct impact on GLL's ability to meet 2 x KPI's as both are around IT, internet and on-line public access. Most Community Hubs are in their fourth year of operation and remain stable. Executive portfolio holder agreement has been sort and agreed to continue funding into the future under the same arrangements with existing hubs. GLL contract remains subject to monthly reporting as well as quarterly performance reporting to Scrutiny and Members, along with the presentation of an Annual Report. Discussions are now beginning in regards to the extension of the current contract.

### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>• Advice, Information and Support Services from Community and Voluntary Sector Infrastructure Organisations</li> <li>• Community Engagement and Development</li> <li>• Financial Inclusion</li> <li>• Community Hubs</li> </ul>	<ul style="list-style-type: none"> <li>• Heritage</li> <li>• Archives</li> </ul>



# Combined Assurance Status Report

In 2015, responsibility for PREVENT activity was moved to Local Authority responsibility under the Counter-Terrorism Act. Whilst there is no performance or inspection framework as yet, though it is now included in OFSTED, nationally, the PREVENT Steering Board has a clear action plan that reports both through Scrutiny and Local Community Safety Partnership. Additionally 2018 saw the request for presentation to Children's Scrutiny Committee which took place in December 2018, with a request for an annual update and review. The partnership remains well supported and attended with a clear growing understanding of risks and responsibilities. Additionally, training and development programmes in this area of responsibility remain core to the business and have extended beyond delivery of strategic and internal partners and are now being delivered direct to communities. Greater administrative and organisational responsibility was expected to be rolled-out to Local Authorities throughout 2017/18, however, this has now been delayed by the Home Office and the plans are now paused, with an expected delay in excess of twelve months.

The agreement for delivering Volunteer Support Services has been awarded (under a Grant Aid Agreement) and is subject to financial and performance monitoring as per the payment schedule and this is reported through Quarterly performance reporting to Scrutiny and Members as well as an Annual Report. 2018 also saw the review of the LCC Volunteer Policy

which was presented to and approved by CMB, Scrutiny and Executive Committee.

Community Engagement and Consultation activity remains an embedded part of work with ever growing requirements to adhere to the legislation as the Council continues to significantly alter or de-commission service delivery. Community Engagement process were amended and updated in 2017 with a report being presented to Executive Committee. 2018 will see the review and revision of the current 5 year "Community Engagement Strategy 2013-18. It is expected that this strategy will become broader in content and will be supported by a Members Working Group with the finished document going to Full Council in May 2018. Additionally, as part of the Community Funding work, the Community Engagement Team undertook a systematic review of the Civil Society and Industrial Strategies.

Customer Services is now in its third year of being delivered by external provider Serco. The work completed in previous years to establish more accurate forecasting has resulted in a greater knowledge of volume and more stable and known budget costs for service areas. Additionally, work continues with Serco in the areas of Relationship, Channel Shift and online self-service platforms, though the latter is limited. 2018 also saw the decision made to insource complaints.



# Combined Assurance Status Report

## Lower Assurances

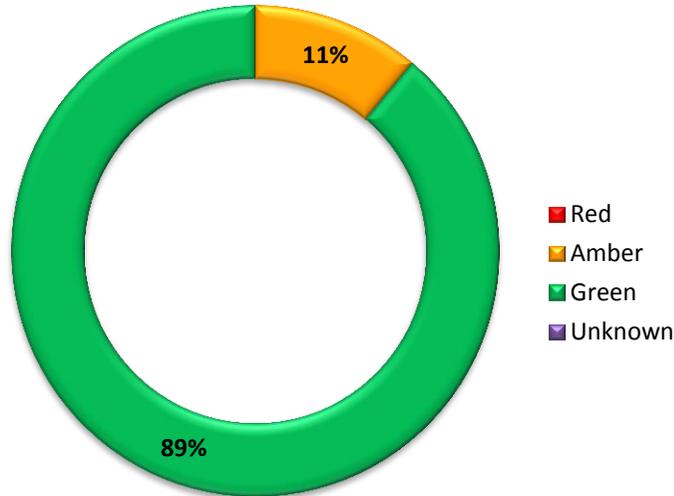
The Heritage Service has been tasked with achieving a break even budget base by 2018/19 (current operating budget of £1.1M). It will do this through a combination of efficiency savings alongside an emphasis upon commercialisation and income generation. It is recognised that this is a challenging outcome to achieve. During 2018, the service developed a Detailed Business Plan and sort approval from Executive Committee to move forward on the creation of a Cultural Enterprise Model. December 2018 saw the approval to move forward to the next stage which will include formal public consultation in early 2019.

Aligned to the Heritage Services is the recognition that the current Archives building is at end of life and no longer fit for a 21st C service. Key aspects of the archives service are statutory; others are governed by the adherence to accreditation standards. In order to progress, an Archive Project Board and Governance Board have been created to explore options resulting in two feasibility reports that were presented to Members in early 2018 with an expected decision on the favoured new site. Unfortunately, Executive Committee did not approve the recommended option and further work is being undertaken to look at other options. It is planned to take a further report back to Members in April 2019.



# Combined Assurance Status Report

## Legal Services



## Overall Comments

Legal Services Lincolnshire is a shared service between the County Council and Boston Borough and East Lindsey, North Kesteven, South Holland and West Lindsey District Councils. The service operates on a trading basis, covering its costs from the income it generates through charging for its services. The service was created in 2008 and has operated as a trading unit since 2010. Over that period it has consistently generated a surplus which is distributed back to the partners in proportion to their use of the service.

Demand for legal services has remained steady over the last few years despite reductions in local authority budgets. At the same time there has been an increased complexity and increased emphasis on certain types of law including public and commercial law as authorities seek to change the way in which they deliver services. Looking forward, there is a potential for current demand to become fragmented with responsibility for the commissioning legal work shifting through developments such as outsourcing and health and social care integration. The service will need to be ready to follow this work if that happens which raises complex issues in relation both to local authority powers and professional regulation. The increased emphasis on new areas of law such as company formation means the service must ensure its skill sets keep pace with client expectations.

## Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>• Legal Services Lincolnshire</li> <li>• Property</li> <li>• Highways and Planning</li> <li>• Commercial and Information</li> <li>• Education, Employment and Prosecutions Adult Social Care</li> <li>• Legal Governance</li> <li>• Civil Litigation</li> </ul>	<ul style="list-style-type: none"> <li>• Child Care</li> </ul>



# Combined Assurance Status Report

The service holds the LEXCEL quality mark which is a Law Society approved and accredited mark evidencing excellence in legal practice management and client care. This gives a high level of externally assessed assurance that the processes and procedures within Legal Services Lincolnshire reflect best practice in the management of a legal service.

## Management of Risk

Legal Services manages risk through its LEXCEL procedures. The service maintains a risk register of strategic, operational and regulatory risk which is monitored and reviewed through meetings of the Legal Management Board and the service's management team on an annual basis. All legal files are reviewed for risk on opening and regularly as they proceed.

The key risk facing the service is one of resourcing. The service has experienced a combination of increased staff turnover and recruitment difficulties over several years. There has consequently been a greater than anticipated reliance on locum resource to meet demand. Whilst this has meant that services have consistently been delivered, use of locums is both more expensive than employing staff and can lead to difficulties in ensuring continuity of services.

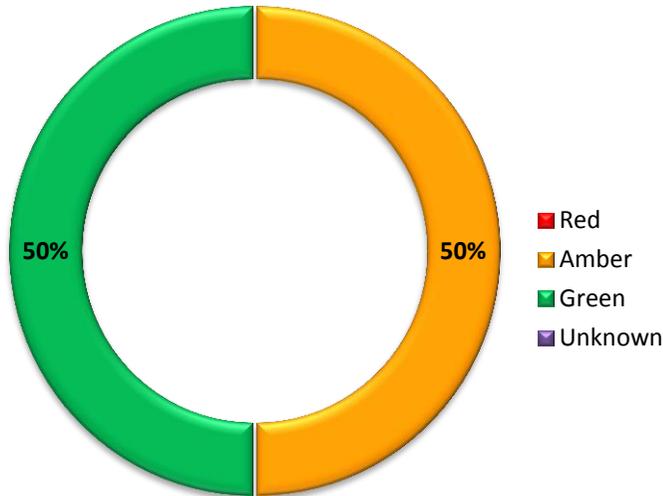
Legal Services has been identified as a difficult to recruit to area and is receiving support from People Management to address the retention and recruitment issues.

Historically the availability of a locum solicitor market has meant that the permanent recruitment risks have not been sufficient to take the assurance level below green. However, in key areas of our work including child care the locum market itself has contracted meaning that recruitment difficulties increasingly apply to both permanent and locum staff. This means that the in-house resourcing of the County Council's demand for legal services in some areas is challenging. The partial amber assessment reflects the extent of these difficulties which the service continues to seek to address through the hard to recruit support it is receiving from People Management



# Combined Assurance Status Report

## Democratic Services



### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>Democratic Services</li> <li>Civic Support</li> </ul>	<ul style="list-style-type: none"> <li>Member Support including Learning and Development</li> <li>Scrutiny</li> </ul>

### Overall Comments

Every County council election result provides its own set of challenges and 2017 was no different. The 2017 election brought us a party with a large majority and an overall membership including more working age people, people with caring responsibilities and over 50% of councillors representing both the county and a district council. These dynamics, in conjunction with the desire for continued political inclusivity and robust scrutiny, have meant that it has sometimes been difficult to fill every seat for every committee despite the best efforts of all those involved. The planned review of the new scrutiny arrangements has been rescheduled to include the results of the report from the Government in response to its Select Committee set up to consider the effectiveness of scrutiny in local government. The report was due to be published in January 2019.

Member development continues to be led by a cross-party Councillor Development Group, which meets regularly to consider the development needs of councillors.

Councillors have also been impacted by the much documented IT issues experienced by the Council as a whole and one of the biggest challenges faced by the Democratic Services Team over the past 12 months has been ensuring that councillors have had connectivity in relation to both the Council and their electorate. The introduction of SIM cards for all councillors earlier in 2018 and a stabilising of the software



# Combined Assurance Status Report

solutions for councillor IT hardware in the last few months give us hope that a corner has been turned in terms of the reliability of the councillor IT offer

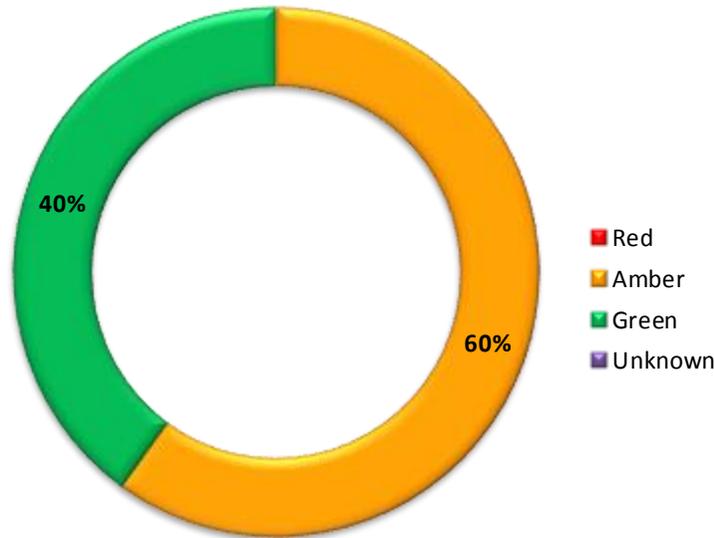
## **Management of Risk**

Implementation of the team's Business Continuity Plan, including the use of alternative devices, has reduced the reputational risk caused by IT issues. Publication of agendas has continued to meet legal requirements, despite pressures created by late papers.



# Combined Assurance Status Report

## Communications



### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>Corporate Communication</li> <li>Strategic Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Media Management</li> <li>Internal Communication</li> <li>Warn and Inform (Emergency Planning)</li> </ul>

### Overall Comments

Strategic Communications plan as much as possible to anticipate key issues and produce integrated communication plans and messaging across all platforms and for all service areas. The team covers internal and external communications, media management, the production and distribution of County News three times a year as well as other publications and regular campaign work. Fully integrated digital communications, social media and oversight of the council's website is also in place. Work to migrate the website content to a new platform and ensure the best customer journey is the main focus of the digital team for the first 6 months of 2019.

### Management of Risk

Strategic communication staff engage across all directorates and with senior councillors to ensure communications are timely, relevant and accurate. Staffing levels have impacted on service delivery and priority is employed to cover the impact of reputation management. Updated ICT equipment has helped improve our service but network issues still restricts the quality of output and this will continue to be an issue as the team expand their social media output.

The team's main statutory duty is Warn and Inform (emergency planning), leading on communications in an emergency or crisis. Not all agencies that make up the group have a paid rota for out of hours working. This is indeed the



# Combined Assurance Status Report

case for Lincolnshire County Council communications and Pete Moore is currently looking at implementing a comprehensive out of hours rota for the team.

There is an expectation that there needs to be a comprehensive cover by more agencies on site or at an emergency on the ground. Should there be a significant event such as severe weather or a flu pandemic, there does not appear to be an overall county wide resilience plan. This is being considered by the LRF board and an expectation is there to provide better out of hours cover for the Warn and Inform cell to build resilience into the function.

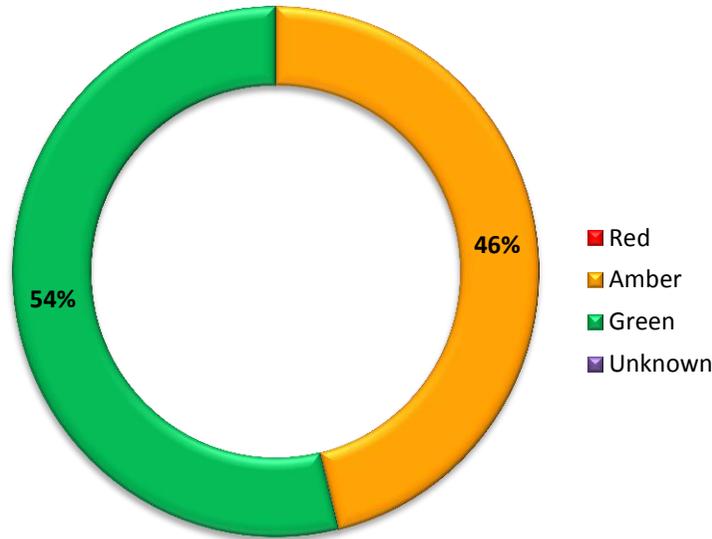
## **Lower Assurances**

The digital team have improved integrated communications, including web, digital and social communications. Corporate response to emerging issues such as ICT failure has been tested over the past year and the communication between internal teams liaising with strategic communications has been improved. Corporate response to internal emergency issues is being worked on.



# Combined Assurance Status Report

## Key Projects



Green	Amber
<ul style="list-style-type: none"> <li>• Transport IT Development</li> <li>• Holbeach Food Enterprise Zone</li> <li>• Carbon Management Plan 3</li> </ul>	<ul style="list-style-type: none"> <li>• Skegness Countryside Business Park</li> </ul>

### Overall Comments

The overall positive assurance attached to individual projects reflects this strategic messaging but also the project governance arrangements that are in place for specific projects. This reflects effective resource allocation, performance monitoring and escalation procedures to ensure interventions occur if or when required.

The successful project delivery also reflects the effective inter-departmental working that exists to ensure that resources are effectively mobilised to deliver wider corporate objectives. For example the joint approach to address the collapse of Carillion and the impact on the delivery of the Lincoln Eastern Bypass project reflected a joined up approach between the Directorate and other parts of the Council a position verified by subsequent internal audit.

The complexity of many of the work-streams and projects will ensure that the Directorate will continue to use the assurance mapping process as a tool to assist in looking for ways to

### Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>• Spalding Western Relief Road</li> <li>• Lincoln Eastern Bypass</li> <li>• Highways 2020 Tender</li> <li>• Anderby Creek carpark and Chapel St Leonards boardwalks</li> </ul>	<ul style="list-style-type: none"> <li>• Archives Building Project</li> <li>• Grantham Southern Relief Road</li> <li>• Panacea Software</li> <li>• Assessing the impact of the scrutiny review</li> <li>• New LCC Website</li> </ul>



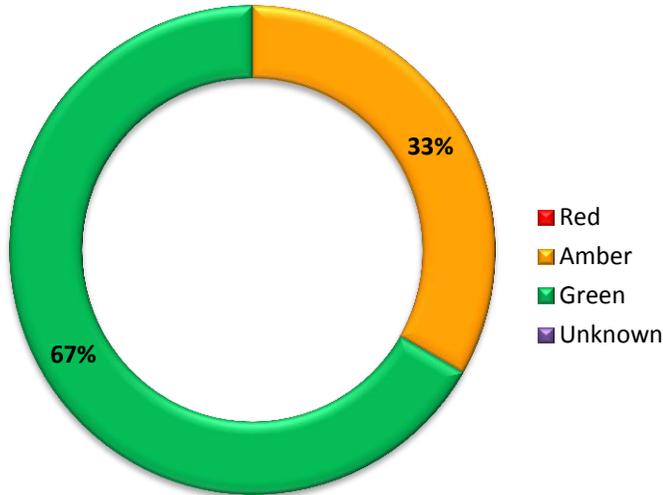
# Combined Assurance Status Report

innovate and improve the overall levels of assurance that can be reported in future years.



# Combined Assurance Status Report

## Key Partnerships



Green	Amber
<ul style="list-style-type: none"> <li>District Electoral Officers</li> <li>Team Lincolnshire</li> </ul>	

### Overall Comments

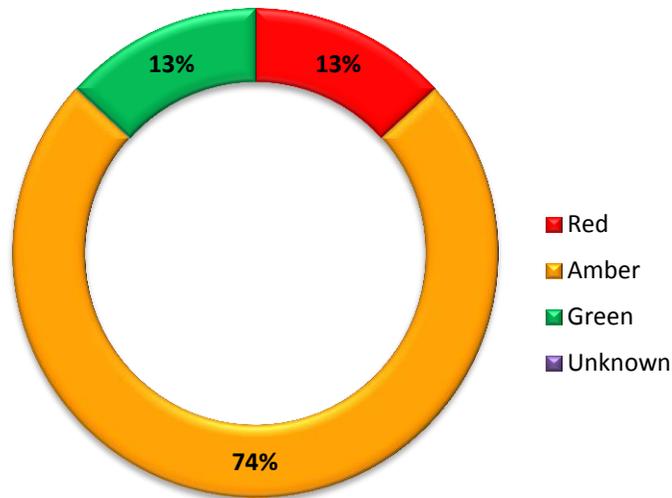
The Directorate works closely with a range of external partners and the overall levels of assurance reflect the positive nature of many of those relationships. Continued engagement strategically with partners and ensuring that our wider communication and engagement reflects those strategic relationships will continue to be a focus for the Directorate ensuring that detailed project delivery is set within an appropriate context.

## Overall Assurances

Green	Amber
<ul style="list-style-type: none"> <li>Central Lincolnshire Local Plan and SE Lincolnshire Local Plan</li> <li>Strategic Flood Partnership</li> <li>LEP Partnership Board</li> <li>Lincolnshire Wolds Countryside Service</li> </ul>	<ul style="list-style-type: none"> <li>Lincolnshire Waste Partnership</li> <li>Warn and Inform Partnership</li> <li>Midlands Engine</li> </ul>



## Key Risks



### Red Operational Risks:

- Current archives building not fit for purpose
- Libraries ICT

Unsurprisingly, projects have the highest strategic risk rating because progress relies on several areas of uncertainty, in particular: funding, partnerships including developers, statutory processes, inherent technical issues and inflationary pressures. Risk mitigation is built into projects and the effective project management systems ensure most risks are managed.

There are, however, risks that cannot be planned for but as with the Carillion collapse the reaction to and response to risk is key. Many projects demand high amounts of capital expenditure and once a project commences it is likely to be completed irrespective of cost but with a recognition of this situation and the financial implications attached audit work is underway to review how capital programmes are managed. Of the risks currently rated as red these relate to projects where the reason behind the rating is understood and feasibility work and planning is underway to address the risk

## Strategic Risks

### Council's highest rated Strategic Risks for this area of the business

**Projects**

## Regulatory and Other Committee

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

Report to:	<b>Audit Committee</b>
Date:	<b>28 January 2019</b>
Subject:	<b>External Audit Progress Report - January 2019</b>

#### Summary:

This report sets out the delivery of the Council's and Pension Fund External Audit for 2018/19.

Our External Auditors - Mazars gives us information around thier:

- planning
- interim audit
- fieldwork
- completion

The interim audit starts on the 28th January 2019. The external audit will be completed in July 2019.

#### Recommendation(s):

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

#### Background

**Appendix A** – This is the first year of our newly appointed External Auditor's – Mazars. This report provides an update on current progress and delivery.

In considering the report the Audit Committee may wish to explore:

- To comment on the scope and depth of external audit work and to ensure it gives value for money
- Assurances over mitigating actions for the identified risks to the delivery of the external audit process

## 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 - 2018/19

## 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 Mike Norman, who can be contacted [michael.norman@mazars.co.uk](mailto:michael.norman@mazars.co.uk).

# Audit Committee Progress Report – January 2019

Lincolnshire County Council

Year ending 31 March 2019





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Audit Progress

Appendix A – Communications and Timeline

Appendix B – Technical Update

# AUDIT PROGRESS

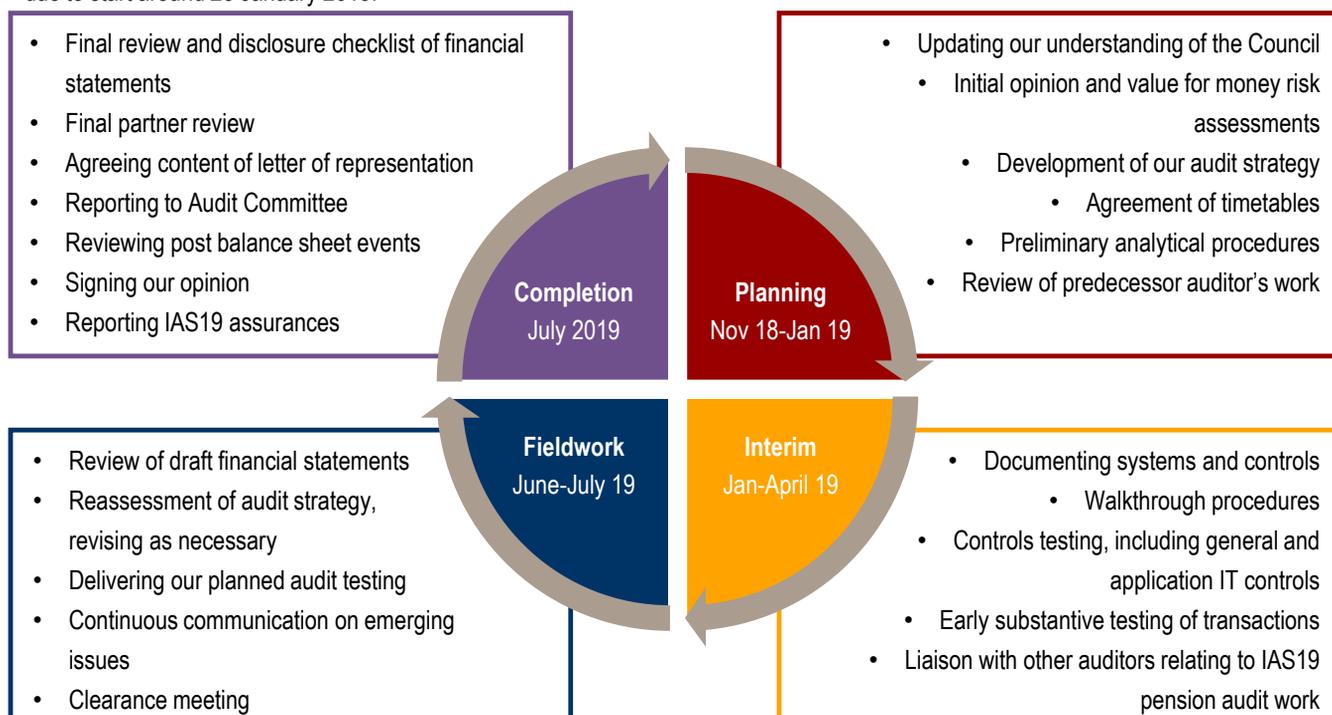
## Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditor for Lincolnshire County Council and the Lincolnshire County Pension Fund. We have also included at Appendix B our briefing for the Committee on recent publications which are relevant to your responsibilities.

## Audit progress

Our key audit stages are summarised in the diagram shown below, together with the key tasks. Upon completion of our initial planning and risk assessment, we will present our Audit Strategy Memorandum for both audits together with a further progress report to the March 2019 Audit Committee for discussion. This will set out the significant audit risks we have identified for the audits of the financial statements and our planned response. The County Council Memorandum will also set out the results of our VFM risk assessment and any planned work to address the risk identified.

We are currently at the Planning stage and this work is drawing to a close. There are no significant matters arising from our work that we are required to report to you at this stage. We are currently discussing with managers the arrangements for the interim audits which are due to start around 28 January 2019.



We have included at Appendix A a summary of the audit outputs we are required to share with you under auditing standards and our other reporting responsibilities, together with an indicative timeline for the audit.

## Other matters

- **Pension Committee and Board meetings 10 January 2019** – we presented to the Committee and Board to provide the members with a briefing on Mazars and the Pension Fund audit issue for 2018/19 and to give them the opportunity to ask questions on our audit approach.
- **Financial Reporting Workshops** – these workshops have been scheduled for February 2019 and will provide our clients with an update on the latest developments as well as a forum for our clients to discuss emerging issues. Agenda items will include a revisit of 2017/18 issues including early close implications, changes in the 2018/19 Code and a forward look to future regulatory and policy changes. The East Midlands event is being held in Nottingham on 12 February 2019 and officers from the Council's finance team have been invited to attend. We will present a summary of the matters covered in the workshop to the broader finance team at its development session on 5 March 2019.
- **Local Transport Plan Major Projects S31 AUD return 2017/18** – We submitted our *Reporting Accountants' Independent Reasonable Assurance Report* in connection with the return to the Department for Transport in December 2018. This work was agreed with the Council as an engagement separate to the external audit. We did not identify any exceptions or other matters that needed to be reported to the DFT and there are no matters that we need to bring to the Committee's attention.

# AUDIT PROGRESS (CONT.)

## Technical Update

Appendix B includes, for the Committee's information, summaries of recent technical and other sector publications (from Mazars, CIPFA and the NAO) which we believe are relevant to your responsibilities. The reports covered in this appendix, and the key messages, are:

<b>Mazars</b>		
1	Horizon Scanning – Challenges and Opportunities in 2019	In November 2018 Mazars issued its annual Horizon Scanning document, which identifies the key topics which Councils' Internal Audit teams should be considering in preparing their Audit Plans.
<b>Chartered Institute of Public Finance and Accountancy</b>		
2	Measured resilience in English authorities	The Beta Version of CIPFA's Resilience Index, released to finance directors of English councils in December 2018, is a tool that enables authorities to view their positions, relative to others, on a range of measures linked to financial risk. This briefing note summarises key results from across the country, including a description of the measures chosen and their link to financial resilience.
3	Managing Risk in the Local Government Pension Scheme	CIPFA has worked with Aon to revise and update its 'Managing Risk in the Local Government Pension Scheme' publication.
4	New Statement of Professional Practice on Ethics	The standard has been introduced by CIPFA to help provide clarity and support for members to meet global ethical standards and best practice, a matter of increasing importance in the context of demanding public finance environments.
5	Next steps on Sustainability and Transformation Plans (STPs)	CIPFA has raised concerns relating to the basis on which STPs are proceeding and it believes the NHS is taking a risk by initiating medium-term integrated care planning without first ensuring members of sustainability transformation partnerships (STPs) have a thorough understanding of their financial outlook.
6	CIPFA Fraud and Corruption Tracker (CFaCT) 2017/18	The 2017/18 report shows that fraud continues to pose a major financial threat to local authorities, with £302m detected or prevented by councils in 2017/18.
7	Statement on Borrowing in advance of need	This statement expresses CIPFA's concerns with Councils funding commercial investment through borrowing and reminds Councils of the relevant guidance and their responsibilities.
8	Implementation date for IFRS 16 Leases, CIPFA	CIPFA/LASAAC have confirmed that the effective date of implementation in the Code has been deferred for one year only to 1 April 2020, for alignment with the wider public sector.
<b>National Audit Office</b>		
9	A review of the role and costs of clinical commissioning groups	NAO highlights the importance of ensuring that the current restructuring of CCGs creates stable and effective organisations that support the long-term aims of the NHS.
10	Local auditor reporting in England 2018	The NAO reports that the number of NHS and local government bodies with weaknesses in their arrangements for delivering value for money is increasing.
11	Local Authority Governance	In order to mitigate the growing risks to value for money in the sector MHCLG needs to improve its system-wide oversight, be more transparent in its engagement with the sector, and adopt a stronger leadership role across the governance network.
12	Departmental Overview: Commercial and Contracting 2017-18	Using ten case studies from NAO's work over the last 18 months, this overview identifies the main things that government departments need to look out for as they develop commercial relationships with their suppliers.
13	Financial sustainability of local authorities 2018 visualisation	The NAO has made available its on-line 'interactive visualisations' which describe changes in local authorities' financial circumstances since 2010-11.

Please get in touch if there are any reports which you would like to discuss further with the Mazars audit team

# APPENDIX A – COMMUNICATIONS AND TIMELINE

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specify the matters we are required to communicate to you. These matters, and the reports we will issue, are as follows:

Required communication	Audit Strategy Memorandum  Separate reports for the Council and the Pension Fund to March 2019 Audit Committee	Audit Completion Report  Separate reports for the Council and the Pension Fund to July 2019 Audit Committee
Our responsibilities in relation to the audit of the financial statements and our wider responsibilities	✓	
Planned scope and timing of the audit	✓	
Significant audit risks and areas of management judgement	✓	
Our commitment to independence	✓	✓
Responsibilities for preventing and detecting errors	✓	
Materiality and misstatements	✓	✓
Fees for audit and other services	✓	
Significant deficiencies in internal control		✓
Significant findings from the audit		✓
Significant matters discussed with management		✓
Our conclusions on the significant audit risks and areas of management judgement		✓
Summary of misstatements		✓
Management representation letter		✓
Our proposed draft audit report		✓

Further outputs from our audit include:

- Audit Committee Progress Reports – January, March and June 2019
- Value for Money Conclusion – July 2019 (included within our Audit Completion Report and draft audit report)
- Audit Opinion on the Pension Fund Annual Report – July 2019
- Audit Report on the 2018/19 Whole of Government Accounts return – August 2019
- Annual Audit Letter – September 2019

# APPENDIX B – TECHNICAL UPDATE (CONT.)

## Background

This appendix includes, for the Committee’s information, summaries of recent technical and other sector publications (from Mazars, CIPFA and the NAO) which are relevant to your responsibilities. Please get in touch if there any reports which you would like to discuss further.

## MAZARS

### Horizon Scanning – Challenges and Opportunities in 2019

In November 2018 Mazars issued its annual Horizon Scanning document, which identifies the key topics which Councils’ Internal Audit teams should be considering in preparing their Audit Plans. The document acknowledges that austerity continues to provide the framework for the many challenges that Councils face, and the increase in the number of authorities highlighted at risk of financial failure. The report highlights the £16b reduction of government funding to councils this decade and a warning of a £8b funding blackhole by 2025. Most of the key challenges highlighted in the document relate to budgets being squeezed and an increasing demand for services. The report summarises the difficulties faced from financial and services pressures and other technological and demographic changes as a ‘perfect storm’. The pressures are summarised as:

#### **Austerity and the accompanying budget cuts:**

A 49.1% real-terms reduction in central government funding from 2010/11 to 2017/18, slower than forecast increases in council tax and delays in the plans for local government to retain 100% of business rates, have severely reduced local authority income.

#### **Changing and increasing demand pressures:**

With an increasing and aging population, increased and more complex child referrals, an increase in homelessness and a growing demand for services for children with special education needs or disabilities, there have been increasing cost pressures on local authorities.

#### **Demographic and technological changes:**

Millennials now make up much of the workforce and have different values and work expectations to preceding generations, while technological changes continue at pace and bring different challenges to the workplace. The council of the future is a digital council that is more connected and integrated.

#### **Other cost pressures:**

The removal of the freeze on public sector pay increases, increased employer national insurance contributions, the national living wage and the apprenticeship levy have all put additional cost pressures on local authorities.

The report acknowledges the pressures on Internal Audit resources, the need in some cases for changes to the approaches for gaining sufficient assurances and the importance of organisations having assurance over the strength of key corporate and governance arrangements (for example ethics, governance, project management, change control and financial management).

The report identifies the current and emerging challenges under the following topic headings:

Financial resilience	Brexit
Adults and Children’ social care funding gaps	Scrutiny
Pupil and SEN funding	Information Governance
Workforce	Single Client Record/Big Data
Apprenticeships	Digital Transformation
Off-payroll Engagement (IR35)	Cyber Security
Alternative Delivery Models	Deprivation of Liberty Safeguards
Supplier Resilience and Risk	Affordable New Homes
Care Homes	Crime
VAT – making tax digital	Fraud Issues/Business as Usual
Premises Health and Safety	Looking over the Horizon

The report is not widely published outside of Mazars’ Internal Audit clients but has been shared with the Council’s Internal Audit team and can be provided separately to the Audit Committee members if requested.

# APPENDIX B – TECHNICAL UPDATE (CONT.)

## CIPFA

### **Measured resilience in English authorities (December 2018)**

CIPFA's July 2018 consultation document outlined a proposed methodology for its Resilience Index, and illustrated how the results might be displayed in practice. The Beta Version of CIPFA's Resilience Index, released to finance directors of English councils in December 2018, is a tool that enables authorities to view their positions, relative to others, on a range of measures linked to financial risk. This briefing note summarises key results from across the country, including a description of the measures chosen and their link to financial resilience. The tool is a test version and CIPFA will be running a series of development workshops with finance directors across the country in 2019 ahead of the release of a final version, when CIPFA also aims to publish a new Financial Management Code. Following official publication of local authority revenue and expenditure outturn data in November 2019, the Index will be made publicly available online.

The briefing can be found at the following link:

<https://www.cipfa.org/policy-and-guidance/reports/measured-resilience-in-english-authorities>

### **Managing Risk in the Local Government Pension Scheme (December 2018)**

CIPFA has worked with Aon to revise and update its 'Managing Risk in the Local Government Pension Scheme' publication. The guidance explores how risk manifests itself across the broad spectrum of activities that constitute LGPS financial management and administration. The publication then explains how, by using established risk management techniques, these risks can be identified, analysed and managed effectively.

A briefing on the updated publication can be found at the following link:

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-says-lgps-funds-need-to-take-the-right-view-of-risk>

### **New Statement of Professional Practice on Ethics (November 2018)**

Coming into effect on 1 November 2018, the new SOPP on ethics aligns with the latest edition of the International Ethical Standards Board of Accountants Code (the Code) released in April 2018. The standard is accompanied by updated guidance and has been introduced by CIPFA to help provide clarity and support for members to meet global ethical standards and best practice, a matter of increasing importance in the context of demanding public finance environments. The five fundamental principles detailed in the updated Code are to be upheld by all CIPFA members, and include integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. CIPFA had earlier in the year carried out a member survey and found almost 60% of public sector finance professionals have come under pressure to act unethically at least once in their career. By updating the SOPP to the latest Code based on internationally recognised principles, and by providing relevant modern case studies, CIPFA wants to ensure that every one in public sector finance is supported to act ethically in their roles, and in line with the public good.

The Statement can be found at the following link:

[https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-introduces-new-statement-of-professional-practice-\(sopp\)-on-ethics](https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-introduces-new-statement-of-professional-practice-(sopp)-on-ethics)

### **Next steps on Sustainability and Transformation Plans (STPs) (October 2018)**

CIPFA has raised concerns relating to the basis on which STPs are proceeding. It believes the NHS is taking a risk by initiating medium-term integrated care planning without first ensuring members of sustainability transformation partnerships (STPs) have a thorough understanding of their financial outlook. CIPFA spokesman said "It would appear that lessons have not been learnt from the 'difficult birth' of STPs, where local government and other partner engagement was limited due to the tight timescales set for plans. Although it is good to see the approach setting out calls for wide engagement and a place-based approach, the timescales and uncertainty involved mean they risk making the same mistakes all over again. There must be a considered and methodical approach to this kind of planning work."

The CIPFA statement can be found at the following link:

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/nhs-must-learn-from-mistakes-of-past-on-stps>

# APPENDIX B – TECHNICAL UPDATE (CONT.)

## CIPFA

### **CIPFA Fraud and Corruption Tracker (CFaCT) 2017/18 (October 2018)**

The 2017/18 report shows that fraud continues to pose a major financial threat to local authorities, with £302m detected or prevented by councils in 2017/18. While this was £34m less than last year's total, the report revealed an overall increase in the number of frauds detected or prevented – up to 80,000, from the 75,000 cases found in 2016/17. Among these cases there are reminders of some of the challenges being faced by local authorities, with the number of serious or organised crime cases doubling to 56, and a significant increase in the amount lost to business rates fraud, which jumped to £10.4m in 2017/18 from £4.3m in 2016/17.

The CFaCT report can be found at the following link:

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/local-councils-detect-or-prevent-£302m-in-fraud-in-2017-18>

### **Borrowing in advance of need (October 2018)**

CIPFA's CIPFA Chief Executive and Chair of the CIPFA Treasury and Capital Management Panel issued a statement on Borrowing in Advance of Need and Investments in Commercial Properties. The statement reminds users of CIPFA's Prudential Code that the Code sets out clearly that the prime policy objective of a local authority's treasury management investment activities is the security of funds, and that a local authority should avoid exposing public funds to unnecessary or unquantified risk. Both the Code and the Statutory Guidance on Local Government Investments issued by the Ministry for Housing, Communities and Local Government set out that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. Relevant statutory provisions also apply in the devolved administrations. CIPFA considers that where the scale of commercial investments including property are not proportionate to the resources of the authority, that this is unlikely to be consistent with the requirements of its Prudential Code and the Treasury Management Code. CIPFA shares the concerns raised in relation to the recent continuation and (in a small number of cases) acceleration of the practice of borrowing to invest in commercial property. CIPFA will issue more guidance which makes it clear that these investment approaches are not consistent with the requirements of fiscal sustainability, prudence and affordability. CIPFA's guidance will also set out the substantial risks which are being incurred by such practices. In the meantime, local authorities are advised to have specific regard to the requirements to compile a capital strategy. Local authorities in England are also directed to have regard to the Statutory Investment Guidance the informal commentary to which cautions local authorities against becoming dependent on commercial income; taking out too much debt relative to net service expenditure; and taking on debt to finance commercial investments.

The Statement can be found at the following link:

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/statement-from-cipfa-on-borrowing-in-advance-of-need-and-investments-in-commercial-properties>

### **Implementation date for IFRS 16 Leases, CIPFA (December 2018)**

CIPFA/LASAAC have confirmed that the effective date of implementation in the Code has been deferred for one year only to 1 April 2020, for alignment with the wider public sector.

The Statement can be found at the following link:

<https://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/cipfa-lasaac-local-authority-code-board>

# APPENDIX B – TECHNICAL UPDATE (CONT.)

## National Audit Office (NAO)

### **A review of the role and costs of clinical commissioning groups (December 2018)**

Clinical commissioning groups (CCGs) are clinically-led statutory bodies that have a legal duty to plan and commission most of the hospital and community NHS services in the local areas for which they are responsible. They were established as part of the Health and Social Care Act in 2012.

Since commissioning was introduced into the NHS in the early 1990s, there have been frequent changes to the structure of commissioning organisations. This looks set to continue, with the role of CCGs evolving as the NHS pursues a more integrated system across commissioners and providers. Consequently, there are likely to be more CCG mergers and increased collaborative working between CCGs and their stakeholders, for example healthcare providers and local authorities. In Lincolnshire there are currently four CCGs, two of which have a joint senior management team and operate a number of committees ‘in common’. The four CCGs contribute to the pooled budgets through the Better Care Fund (the total income to the BCF in 2017/18 was over £34m and it is one of the largest funds in the country). They are therefore a major set of partners for the Council in relation to Lincolnshire health and social care services.

This NAO review sets out:

- changes to the commissioning landscape before CCGs were established;
- the role, running costs and performance of CCGs; and
- the changing commissioning landscape and the future role of CCGs.

NHS England’s assessment of CCGs’ performance shows a mixed picture, with 42% (87 of 207) rated either ‘requires improvement’ or ‘inadequate’, with 24 deemed to be failing, or at risk of failing. Many CCGs are struggling to operate within their planned expenditure limits despite remaining within their separate running cost allowance. Attracting and retaining high-quality leadership is an ongoing issue.

There has been a phase of CCG restructuring with increased joint working and some CCGs merging. If current trends continue, this seems likely to result in fewer CCGs covering larger populations based around STP footprints. This larger scale is intended to help with planning, integrating services and consolidating CCGs’ leadership capability. However, there is a risk that commissioning across a larger population will make it more difficult for CCGs to design local health services that are responsive to patients’ needs, one of the original objectives of CCGs.

CCGs have the opportunity to take the lead in determining their new structures. NHS England is expected to set out its vision for NHS commissioning in its long-term plan for the NHS to be published in December 2018. NHS England has said it will step in where CCGs diverge from its vision of effective commissioning. However, it has not set out fully the criteria it will use to determine when to step in. NAO’s previous work on the NHS reforms brought in under the Health and Social Care Act 2012 highlighted the significant upheaval caused by major organisational restructuring. NAO highlights the importance of ensuring that the current restructuring of CCGs creates stable and effective organisations that support the long-term aims of the NHS. NHS commissioning needs a prolonged period of organisational stability, which would allow organisations to focus on transforming and integrating health and care services rather than on reorganising themselves.

The Audit Committee may wish to clarify with management what progress the Lincolnshire CCGs are making in relation to their joint working and their collaborative working with the Council.

The full report can be found at the following link:

<https://www.nao.org.uk/report/a-review-of-the-role-and-costs-of-clinical-commissioning-groups/>

# APPENDIX B – TECHNICAL UPDATE (CONT.)

## National Audit Office (NAO)

### **Local auditor reporting in England 2018 (January 2019)**

Each year, local auditors give an opinion on whether local public bodies produce financial statements that comply with reporting requirements and are free from material errors and conclude whether local public bodies have arrangements to manage properly their business and finances (the conclusion on arrangements to secure value for money).

Since 2015, the Comptroller and Auditor General (C&AG) has been responsible for setting the standards for local public audit, through maintaining a Code of Audit Practice and issuing associated guidance to local auditors. This report:

- provides an overview of the work of local auditors
- describes the roles and responsibilities of local auditors and relevant national bodies in relation to the local audit framework; and
- summarises the main findings reported by local auditors in 2017-18.
- considers how the quantity and nature of the issues reported have changed since the C&AG took up his new responsibilities in 2015; and
- highlights differences between the local government and NHS sectors.

The NAO found that the number of NHS and local government bodies with weaknesses in their arrangements for delivering value for money is increasing. Given increasing financial and demand pressures on local bodies, they need strong arrangements to manage finances and secure value for money. Only three of the bodies (5%) NAO contacted in connection with this study were able to confirm that they had fully implemented their plans to address the weaknesses auditors reported. This suggests that while auditors are increasingly raising red flags, some of these are met with inadequate or complacent responses.

The number of qualified conclusions on local arrangements to secure value for money is high and increasing. The proportion of local public bodies whose plans for keeping spending within budget are not fit-for-purpose, or who have significant weaknesses in their governance, is high. This is regarded as a risk to public money and undermines confidence in how well local services are managed. Local bodies need to demonstrate to the wider public that they are managing their organisations effectively, and take local auditor reports seriously. Those charged with governance need to hold their executives to account for taking prompt and effective action. Local public bodies need to do more to strengthen their arrangements and improve their performance.

NAO state that local auditors need to exercise the full range of their additional reporting powers, where this is the most effective way of highlighting concerns, especially where they consider that local bodies are not taking sufficient action. Government departments need to continue monitoring the level and nature of non-standard reporting, and formalise their processes where informal arrangements are in place. The current situation is regarded as serious, with trend lines pointing downwards.

The full report can be found at the following link:

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>

# APPENDIX B – TECHNICAL UPDATE (CONT.)

## National Audit Office (NAO)

### **Local Authority Governance (January 2019)**

NAO's report examines whether local governance arrangements provide local taxpayers and Parliament with assurance that local authority spending achieves value for money and that authorities are financially sustainable. The report addresses this question in three separate parts:

Part One examines the pressures on the local governance system;

Part Two explores the extent to which local governance arrangements function as intended; and

Part Three assesses whether the Department is fulfilling its responsibilities as steward of the system.

The report finds that Local government has faced considerable funding and demand challenges since 2010-11. This raises questions as to whether the local government governance system remains effective. As demonstrated by Northamptonshire County Council, poor governance can make the difference between coping and not coping with financial and service pressures. The Department (MHCLG) places great weight on local arrangements in relation to value for money and financial sustainability, with limited engagement expected from government. For this to be effective, the Department needs to know that the governance arrangements that support local decision-making function as intended. In order to mitigate the growing risks to value for money in the sector the Department needs to improve its system-wide oversight, be more transparent in its engagement with the sector, and adopt a stronger leadership role across the governance network.

The full report can be found at the following link:

<https://www.nao.org.uk/report/local-authority-governance-2/>

# APPENDIX B – TECHNICAL UPDATE (CONT.)

## National Audit Office (NAO)

### **Departmental Overview: Commercial and Contracting 2017-18**

Using ten case studies from NAO's work over the last 18 months, this overview identifies the main things that government departments need to look out for as they develop commercial relationships with their suppliers. Overall the NAO found that:

- Many problems arise before procurement begins. Good contracting requires getting the basics right at the start by:
- Understanding what you are trying to contract out and the risks attached
- Understanding, by both sides carrying out due diligence, who is best placed to take on those risks
- Ensuring that the contract correctly allocates risks and responsibilities to those best able to manage them.
- There is a need for better performance measures and use of intelligence in managing contracts:
- Commercial capability is improving but contract management remains weak
- Performance measures need to be established at the start and assess quality as well as cost to ensure that the contract delivers value for money.
- Government departments need good intelligence on their suppliers to help them manage contracts effectively
- Government has had mixed results in managing markets, and to ensure that risks are managed and value for money is delivered it needs to develop a more interventionist approach to the markets it has created.

The full report can be found at the following link:

<https://www.nao.org.uk/report/departmental-overview-commercial-and-contracting-2017-18/>

### **Financial sustainability of local authorities 2018 visualisation**

The NAO has made available its on-line 'interactive visualisations' which describe changes in local authorities' financial circumstances from 2010-11 to 2016-17. They can be used to explore broad trends identified in their report [Financial sustainability of local authorities 2018](#) in order to gain a more detailed understanding of the experiences of individual local authorities. The data shows changes in income and spending alongside analysis of factors such as budget overspends and use of reserves.

The data and the original March 2018 report can be found at the following links:

<https://www.nao.org.uk/highlights/financial-sustainability-of-local-authorities-2018-visualisation/>

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2018/>

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

Report to:	<b>Audit Committee</b>
Date:	<b>28 January 2019</b>
Subject:	<b>Internal Audit Progress Report</b>

**Summary:**

The purpose of this report is to:

- Provide details of the audit work during the period 6th November 2018 to 10th January 2019
- Advise on the progress with the 2018/19 plan
- Raise any other matters that may be relevant to the Audit Committee role

**Recommendation(s):**

That the Committee note the outcomes of Internal Audit's work and identify any actions that need to be taken.

**Background**

This paper covers the period 6<sup>th</sup> November 2018 to 10<sup>th</sup> January 2019 and reports on progress made against the 2018/19 audit plan

**Conclusion**

Good progress is being made in the delivery of the Internal Audit Plan. During the current period we have completed 17 audits and have a further 4 at draft report stage. Appendix A provides full details on the work completed.

**Consultation**

**a) Have Risks and Impact Analysis been carried out?**

No

**b) Risks and Impact Analysis**

N/A

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Internal 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 Lucy Pledge, who can be contacted on 01522 553692 or [lucy.pledge@lincolnshire.gov.uk](mailto:lucy.pledge@lincolnshire.gov.uk) .

# Internal Audit Progress Report



Images Courtesy of the Official UK Photo Club

## Lincolnshire County Council January 2019

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## Benchmarking

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Key Performance Indicators

## Other Matters of Interest

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CIPFA Publication – Audit Committees – A Practical Guide for  
Local Authorities and Police (2018 Edition)

## Appendices

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Assurance Definitions  
Details of overdue actions  
2018/19 Audit Plan to Date

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This report has been prepared solely for the use of Members and Management of Lincolnshire County Council. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed internal audit plan.

# Introduction

The purpose of this report is to:

- Provide details of the audit work during the period 6<sup>th</sup> November 2018 to 10<sup>th</sup> January 2019
- Advise on progress with the 2018/19 plan
- Raise any other matters that may be relevant to the Audit Committee role

## Key Messages

During the period we have completed:

- 17 audits : 8 to final assurance reports , 1 consultancy report and 8 school reports

## Assurances

The following audit work has been completed and a final report issued.

High Assurance:

- School Admissions (IT)
- Tax Compliance – Construction Industry Tax

Substantial Assurance:

- Members Allowances
- Projects and Programmes Management
- Send Home Tuition
- Capital Strategy
- Emergency Planning Command Structure

Limited Assurance:

- Capital Receipts:

## Consultancy report

The following audit work has been completed and a final report issued.

- Direct Payment Proportionate Auditing Guidance

Note: The assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. The definitions for each level are shown in Appendix 1.



# High Assurance

## Schools Admission (IT)

The previous schools admissions system used by the Council was no longer supported by its provider. This led the Council to procure a replacement solution, known as Synergy and provided by the Servelec company. The audit examined the implementation phase of the replacement application. The auditor was provided with project documentation and attended a number of project board meetings. From the information provided and evidence seen at first hand, he was able to confirm that there was a high degree of assurance of the Synergy system being successfully implemented on time, within budget and delivering the required functionality.

## Tax Compliance – Construction Industry Tax

Serco's administration of the Construction Industry Scheme (CIS) is working well. Staff within the Serco AP team are experienced in the administration of the Scheme and keep up to date with information from HMRC. They have written guidance on daily and monthly procedures.

Testing confirmed that appropriate deductions are made, that sufficient evidence to support the deduction is retained and that CIS suppliers are verified with HMRC. Business World on (Bwon) reporting of information was one area where it was felt that improvement could be made.

# Substantial Assurance

## Members Allowances

The Council has a robust policy in place on Members' allowances that complies with legislation, is consistently applied and payments to Members are timely, appropriate and accurate. Some improvements were identified around adequacy of supporting receipts, timeliness of submitting claims and direct access for members to Business World on (Bwon).

## Project Programmes Management

Service delivery arrangements, management of risks and operation of controls around the Councils project and programme support management were found to be good. Projects were closely monitored and good governance was achieved via a tracker process. There was however no central register detailing all projects currently being worked on by the council and no central monitoring system in place which would give the Council full oversight and greater control on monitoring progress and issues.

## Capital Strategy

The new Prudential code requires Councils to have a Capital Strategy in place by 1/4/19. Lincolnshire County Council does not at present have a centralised Capital Strategy. Finance section is aware of this and are taking steps at present to establish one in line with the code requirements We found that good progress had been made and that steps being taken should ensure that code requirements will be met by the deadline for implementation

# Substantial Assurance

## Emergency Planning Command Structure

The Emergency Planning Command structure was found to be robust and to comply with regulatory requirements. The policy and procedures have been revised. An emergency planning manual for the commanders to refer to at the time of an EP event has been produced. Training for Strategic Commanders is planned for next year. A Command & Control Review Workshop held in January 2018 identified a number of recommendations. Good progress has been made on the majority of these recommendations.

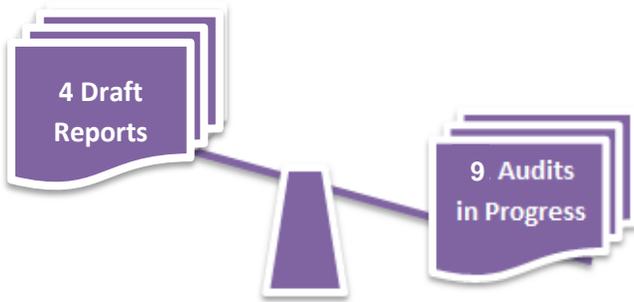
## Send Home Tuition

SEND Home Tuition service was found to be fit for purpose and meets the needs of the young people who are accessing the service. We found that staff are being recruited in line with the LCC employment process, performance management is being adequately monitored and regular reports are being provided to management. There are still areas which could be strengthened, particularly around refining performance management and assessment/reporting processes. A number of planned improvements have been implemented this academic year but due to the timing of the audit it was difficult to determine whether these have been effectively embedded.

# Limited Assurance

## Capital receipts

Section 15(1) of the Local Government Act 2003 gave councils, from April 2016, more flexibility on the use of capital receipts. It allowed capital receipts to be used to fund expenditure on certain projects that are designed to generate ongoing revenue savings or transform services to reduce costs. The fundamental principle of the guidance is that if Capital receipts are used to fund Transformational projects then the Council needs to show that this generated ongoing revenue savings or transformed services to reduce costs as a result. Improvements are required on the reporting of these ongoing savings or reduction in costs.



- Recruitment and retention
- Local Enterprise Partnership
- Wellbeing
- PCI-DSS (Payment card industry – data security standard)
- IR35
- Pension Administration

## Audits reports at draft

We have 4 audit's at draft report stage:

- Cyber security
- Gifts and hospitality
- Tax compliance employee expenses and benefits.
- Strategic workforce planning

These will be reported to the committee in detail once finalised.

## Work in Progress

We also have 9 2018/19 audits in progress :

- Highways 2020 Project
- Good governance review
- Records management
- Apprenticeships
- Children’s statutory complaints
- Patch management
- Assurance assessment re Northampton County Council
- LFR fleet management
- Property Plant and Equipment

Details of these can be seen in the 2018/19 plan at appendix 3

Audits planned for quarter 4 include:

- Workforce performance and rewards
- Health and safety
- Counter fraud arrangements
- VAT follow up
- Pension fund asset pooling

## Overdue Actions

Details of these can be seen at appendix 2.

65% of actions due have been implemented and for those audits with Limited or Low assurance only 7 recommendations are outstanding. These relate to:

Tax Compliance Vat	2
Accounts payable	1
Fuel cards	2
Carers Workforce	1
Emergency Planning	1

Of the actions remaining to be implemented :

High priority	6	(21%)
Medium priority	20	(72%)
Low priority	2	(7%)

For the majority of these overdue actions progress has been made to address the findings but as at 10<sup>th</sup> January 2019 they had not been fully addressed.



## **Other Significant work**

Other key work undertaken during the period includes:

### **Schools audits:**

During this period we completed 8 school audits. One school was given high assurance, six schools were given substantial assurance and one was given limited assurance.

### **Families working together:**

We have completed our second audit sign off of the Families working Together claim. Our work identified some families included in the claim that did not meet the criteria. These were removed to correct the submission for payment





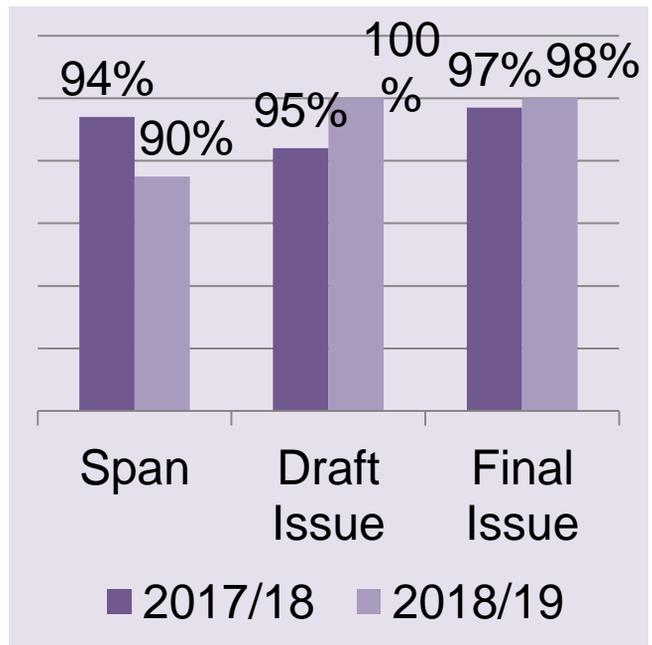
Internal Audit's performance is measured against a range of indicators. The statistics below show our performance on key indicators year to date.

## Performance on Key Indicators

# 100%

Rated our service Good to Excellent

# High achievement of Audit KPI's to date





# Other Matters of Interest

A summary of matters that will be of particular interest to Audit Committee Members

## **Chartered Institute of Internal Auditors Audit and risk Awards 2018:**

These awards recognise innovation and excellence in Internal Audit.

Assurance Lincolnshire were finalists in 2 categories – we received **Highly Commended** awards in both for :

- **Innovation in training and development** – for our work with Universities and Apprenticeships
- **Outstanding Team Public Sector** – for our work on Governance – Culture and Ethics

Receiving these awards shows how we continue to demonstrate exemplary performance and demonstrated talent, inspiration and innovation in the services we provide

**High**

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

**Substantial**

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

**Limited**

Our critical review or assessment on the activity gives us a  
The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

**Low**

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.

## Outstanding Audit Recommendations for all audits at 10th January 2019

Activity	Issue Date	Assurance	Total recs	Recs Imp	Priority of Overdue Recommendations			Recs not due
					High	Medium	Low	
<b>Finance and Public Protection</b>								
Medium Term Finance Plan	Nov 2017	Substantial	2	1	0	1	0	0
Bank Reconciliation	Feb 2017	High	4	3	0	1	0	0
Tax Compliance - Vat	July 2017	Limited	9	7	0	2	0	0
Treasury Management	Jan 2017	High	1	0	0	1	0	0
General Ledger (Key Controls)	May 2017	Substantial	8	4	2	2	0	0
Accounts Payable	June 2018	Limited	4	3	0	1	0	0
Emergency Planning	Feb 18	High	2	0	0	0	2	0
Fuel cards	April 18	Limited	8	6	2	0	0	0
Procurement cards	May 18	Substantial	8	7	0	1	0	0
Domestic Homicide Review	Oct 18	Substantial	5	0	0	5	0	0
Cash management – heritage sites	Oct 18	High	3	2	0	1	0	0
<b>Adult Care and Community Wellbeing</b>								
Carers Workforce	Feb 2018	Limited	4	3	0	1	0	0
<b>Environment &amp; Economy</b>								
Information Governance	Dec 2017	Substantial	10	9	0	1	0	0
Emergency planning	Sept 15	Limited	4	3	1	0	0	0
Total Transport Project	April 18	Substantial	5	3	0	2	0	0
<b>Childrens</b>								
Special Educational Needs and Disability Reform	June 17	Substantial	2	0	1	1	0	0
<b>Total</b>			<b>61</b>	<b>51</b>	<b>6</b>	<b>20</b>	<b>2</b>	<b>0</b>

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
LCC 2018/19-01 - Highways 2020 Procurement Programme	This consultancy assignment will offer support and advice on the programme throughout its journey of re-procurement and contract start in April 2020	15/11/2017	01/04/2018		Consultancy support in process
LCC 2018/19-02 - Heritage (Phase 2)	Our review will provide the Heritage Service with support and advice during the project to help ensure it is appropriately managed, and that the process is on track to deliver its outcomes. This project needs to identify and present the best options available for the Council to agree, and the future of the Heritage Service depends upon the successful implementation of this agreed method. It is therefore essential that the project has captured and presented the information accurately to allow for a decision to be made from the available options.	15/09/2017	01/03/2018	01/05/2018	Phase complete
LCC 2018/19-03 - Domestic Homicide Review	The audit aims to provide assurance to management that processes for Domestic Homicide Reviews meet legislative requirements and reflect best practice. In addition the audit seeks to provide assurance that reviews have been satisfactorily followed up, with LCC owned actions having been implemented or progressed and lessons learnt embedded.	15/05/2018	21/05/2018	25/10/18	Substantial Assurance (Complete)
LCC 2018/19-04 - Workforce performance and reward	Assurance that there is a consistent and fair approach planned for linking employee increments to performance from 2018/19	01/11/2017			Delayed to Q4 by Director
LCC 2018/19-05 - Interests, Gifts and Hospitality Registers	To provide assurance over the management and application of Interests, Gifts and Hospitality policy and registers	11/10/2018	11/10/2018		Limited (Draft stage)
LCC 2018/19-06 - Corporate Support Services Commissioning	To provide ongoing insight and advice around project management, governance, risk and control.	01/03/2018	01/03/2018	30/9/18	Consultancy support complete

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
LCC 2018/19-07 - Recommissioning of Domestic Abuse Support Service	To provide assurance around the commissioning and contract management of domestic abuse service for standard & medium risk victims and IDVA, including the approach to services for DA perpetrators	23/04/2019			Cancelled due to timing by Director
LCC 2018/19-08 - Strategic Workforce Planning	To provide independent assurance that appropriate senior management succession planning is in place at LCC.	01/05/2018	30/05/2018		Draft report
LCC 2018/19-09 - Corporate Complaints, Compliments and Comments	Our review will aim to provide assurance that the complaints, compliments and comments process is fit for purpose and is meeting it's targets in resolving customer complaints at the earliest opportunity.	05/04/2018	05/04/2018	05/07/2018	Substantial Assurance Complete
LCC 2018/19-10 - Records Management	Records Management processes are in place and consistently applied so as to ensure compliance with the General Data Protection Regulation.	01/10/2018	21/11/2018		Fieldwork stage
LCC 2018/19-11 - Cash Management in Registration Service	To gain assurance that management arrangements for income and imprest at Council Establishments ensure risk of loss or misappropriation is adequately controlled.	12/04/2018	05/07/2018	22/10/2018	Substantial Assurance Complete
LCC 2018/19-12 - Transport Connect Assurance Review	Assurance over the governance arrangements of this Teckal company owned by LCC to help inform the annual governance statement	03/04/2018	03/04/2018	21/08/2018	Complete
LCC 2018/19-13 - Operation Dovetail (counter terrorism)	Support and advice on the upcoming transfer of PREVENT activities from the Police to the Local Authority	13/03/2018	27/09/2018	27/09/2018	Removed – transfer cancelled
LCC 2018/19-14 - School Admissions Software	Confirmation that the risks regarding implementation of the new admissions software have been managed to minimise the disruptions to schools.	01/08/2018	01/08/2018	9/11/2018	High Assurance (complete)
LCC 2018/19-15 - Mosaic - Adult Care and Community Wellbeing	Review the effectiveness of Mosaic across Adults in meeting business needs.	01/05/2018	02/05/2018	28/05/2018	Substantial Assurance (complete)

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
LCC 2018/19-16 - Good Governance Review - Ethics	Assurance that governance arrangements are working effectively to manage Ethics, Partnerships and Transparency. To be conducted from a member perspective.	01/04/2018	01/04/2018		Fieldwork in progress
LCC 2018/19-17 - Health & Safety	Assurance that the Council's arrangements to manage Health and Safety are adequate and effective.	01/10/2018			Planned Q4
LCC 2018/19-18 - Counter fraud arrangements	Assurance that the Council's management of Counter Fraud arrangements are adequate and effective.	01/10/2018			Planned Q4
LCC 2018/19-19 - Cyber Security	Assurance over the Council's arrangements for mitigating the latest cyber security threats. Internal Audit shall identify the latest cyber security threats and determine whether the arrangements to protect against them and recover from them are appropriate and adequate.	10/01/2018	10/01/2018		Substantial Assurance (Draft)
LCC 2018/19-20 - Mosaic Application Review	The review will focus on system security, particularly in the following areas: System security (access controls) Performance (accuracy and timeliness) Operating procedures Back-up and recovery Change control	12/03/2018	12/03/2018	13/9/18	Substantial Assurance Complete
LCC 2018/19-21 - Emergency Planning Command Structure	To provide assurance around the plans being put in place to address command resource and support availability for major EP events.	25/06/2018	03/09/2018	17/12/18	Substantial Assurance Complete
LCC 2018/19-22 - Programme / Project Management Support	Assurance that the programme / project support function is effective in supporting management on key programmes and projects	03/07/2018	11/07/2018	5/12/18	Substantial Assurance (complete)
LCC 2018/19-23 - Members Allowances Scheme	Assurance that a robust policy is in place, applied and payments to members are timely, appropriate and accurate.	26/06/2018	10/09/2018	20/11/18	Substantial assurance (Complete)

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
LCC 2018/19-24 - Heritage Service Operating Model Change Programme	To provide the Heritage Service with support and advice during the project to help ensure it is appropriately managed, and that the process is on track to deliver its outcomes.	02/07/2018	05/07/2018		On hold until Q1 2019
LCC 2018/19-25 LEP Review	LEP team are meeting the requirements of the Governments 2017 review	10/1/2019			Planned
LCC 2018/19-26 - Cash Management in establishments - Business Support	To gain assurance that management arrangements for income at Council Establishments ensure risk of loss or misappropriation is adequately controlled.	01/07/2018	10/08/2018	10/2018	Substantial Assurance Complete
LCC 2018/19-27 - Cash Management in Establishments - Heritage sites	To gain assurance that management arrangements for income at Council Establishments ensure risk of loss or misappropriation is adequately controlled.	01/07/2018	05/07/2018	10/2018	High Assurance Complete
LCC 2018/19-28 - Cash Management in establishments - Eastgate Children's Home	To gain assurance that management arrangements for income at Council Establishments ensure risk of loss or misappropriation is adequately controlled.	01/07/2018	05/07/2018	10/2018	High Assurance Complete
LCC 2018/19-29 - Cash Management in Establishments - Music Service	To gain assurance that management arrangements for income and imprest at Council Establishments ensure risk of loss or misappropriation is adequately controlled.	01/07/2018	05/07/2018	10/2018	Substantial Assurance Complete
LCC 2018/19-30 - Local Transport Capital Funding Grant 2017-18	To confirm that the expenditure complies with the conditions of the Grant and the funding received agrees to the Grant determination letter.	12/07/2018	12/07/2018	09/2018	Complete – grant signed
LCC 2018/19-31 - Payroll Interim Audit 2018/19	Assurance that the payroll processes and controls are working effectively	24/07/2018	04/09/2018	20/11/18	Substantial Assurance Complete
LCC 2018/19-32 - Children's Service Statutory Complaints	Assurance that robust procedures are in place to manage and monitor statutory complaints and that lessons are shared from these to ensure learning and improvements	01/09/2018	05/09/2018		Fieldwork in progress
LCC 2018/19-33 - Supplier Reliability	Lessons learned review of management of the impact on Lincoln Eastern Bypass when contractor Carillion collapsed.	20/07/2018	20/07/2018	20/11/18	High assurance (Complete)

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
LCC 2018/19-34 - SEND Home Tuition	Assurance on provision of temporary home tuition to SEND children that require school places with a focus on provider monitoring including safer recruitment processes.	28/08/2018	28/08/2018	5/11/2018	Substantial Assurance (Complete)
LCC 2018/19-35 - Families Working Together	Audit sign off as per the requirements of the grant	06/05/2018	06/05/2018	05/09/2018	Complete
LCC 2018/19-36 - PCI – DSS	Assurance that the Council fulfils all PSI DSS statutory requirements	01/08/2018			Planned
LCC 2018/19-37 - Capital Strategy and capital Receipts	Seeking to gain assurance that ; ·LCC has adequate plans to fulfill emerging legislation relating to capital strategy ·management of capital receipts is transparent and complies with legislation	02/08/2018	13/08/2018	19/12/18	Receipts-Limited assurance Strategy – Substantial assurance (Complete)
LCC 2018/19-38 - Proportionate auditing for Direct Payments	To review the impact of the implementation of the Direct Payments Proportionate Auditing Guidance on the effectiveness of the Direct Payments auditing process.	02/08/2018	10/9/2018	29/11/18	Consultancy report - Complete
LCC 2018/19-39 - Tax Compliance Construction schemes	That the Council is consistently meeting tax reporting requirements of HMRC, to include Real time information reporting, CIS and employee expenses.	01/08/2018	06/09/2018	17/12/18	High assurance (Complete)
Tax compliance Employee expenses and benefits	As above	01/08/2018	06/09/2018		Limited (Draft status)
LCC 2018/19-40 - Bus Service Operators Grant 2017-18	Audit to validate all expenditure on the return has been spent on eligible schemes. In preparation for sign off and return to the Department for Transport (grant making body).	22/08/2018	22/08/2018	25/09/2018	Complete – grant signed
LCC 2018/19-41 Apprenticeships	To provide independent assurance over the extent to which services are effectively able to use the apprenticeship reforms to develop the workforce for both current and future needs and compliance with Government Requirements	15/10/2018	01/11/2018		Fieldwork in progress

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
LCC 2018/19-42 - VAT follow up	To follow up previous VAT audit in 17/18	06/09/2018			Planned
LCC 2018/19-43 - Pension Fund Asset Pooling	That fund management remains effective and efficient and has successfully implemented the changes necessary for Pension Fund Asset Pooling	10/09/2018			Planned
LCC 2018/19-44 - Assurance assessment re NCC	Review of the report from Northampton County Council and benchmarking against the issues identified in that report	06/07/2018	06/07/2018		On going
LCC 2018/19-45 - LFR Fleet Management	To provide assurance on the adequacy and effectiveness of the fleet management contract for Lincoln Fire and rescue.	18/10/2018	20/11/2018		Fieldwork stage
LCC 2018/19-46 - Patch Management	To provide assurance that IT vulnerabilities are identified and minimized through patch management.	23/10/2018	23/10/2018		Fieldwork stage
LCC 2018/19-47 – Property , Plant & Equipment	The purpose of this review is to provide independent assurance that the Council is complying with the accounting policy and legislation for Plant, Property and Equipment..	12/12/2018	12/12/2018		Fieldwork stage
LCC 2018/19-48 - Wellbeing	To revisit Wellbeing service to ensure that it is working efficiently and effectively	10/1/2019			Planned
LCC 2018/19-49 – Recruitment and retention	Assurance that procedures in place for the recruitment of staff to the Authority maximize the chance of successful appointments.	8/1/2019			Planned
LCC 2018/19-50 – IR35	Assurance the Council has implemented and consistently applies IR35 correctly				Planned
LCC 2018/19-51 – Pensions administration	To analyse and report on the outcomes of West Yorkshire pension funds internal auditors report				Planned

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

Report to:	<b>Audit Committee</b>
Date:	<b>28 January 2019</b>
Subject:	<b>Risk Management Progress Report - January 2019</b>

**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.

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.

**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**

1. As part of the on-going review and oversight of the Strategic Risk Register, we have undertaken a review of the individual strategic risks with risk owners and obtained assurances that the strategic risks are being managed effectively.

We have also undertaken a review and taken account of any 'operational' risks.

2. The Risk Management Progress Report, which can be found in Appendix A, provides the Committee with updates on key messages received since our last report to Committee in September 2018.

## Conclusion

Overall, the Council's strategic risks continue to be managed pro-actively. This can be demonstrated with the inclusion of two new risks. There is a good level of awareness of the current and emerging risks, with positive action being taken where appropriate.

## Consultation

### a) Have Risks and Impact Analysis been carried out?

Yes

### b) Risks and Impact Analysis

Any changes to services and projects are subject to an Equality Impact Analysis. The considerations of the contents and subsequent decisions are all taken with regard to existing policies.

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Risk Management Progress Report - January 2019

## 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](mailto:debbie.bowring@lincolnshire.gov.uk).

# **Risk Management Progress Report**

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## Introduction

1. 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’<sup>1</sup> in line with the agreed risk appetite.

## Key Messages

### Our Strategic Risks

2. Our current Strategic Risk Register includes 10 risks – these are:

Risk	Current Risk	Assurance
<b>Safeguarding – Safeguarding Children</b>		Substantial
<b>Safeguarding – Safeguarding Adults</b>		Limited
<b>Resilience (Business Continuity) – Capacity &amp; 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</b>		Substantial
<b>Market Supply - Adequacy of market supply to meet eligible needs across a number of directorates within the Council</b>		Limited

<sup>1</sup> 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.

<p><b>Projects</b> – Ability to deliver our programme of designated projects</p>	<p>Likelihood</p> <p>Impact</p>	<p><i>(Not assessed – further work required)</i></p>
<p><b>Budget – LCC</b> – Funding and maintaining financial resilience</p>	<p>Likelihood</p> <p>Impact</p>	<p>Substantial</p>
<p><b>Recruitment / Staffing</b> – Ability to recruit &amp; retain staff in high level areas</p>	<p>Likelihood</p> <p>Impact</p>	<p>Substantial</p>
<p><b>Strategic Contracts</b> – Ensuring contracts and markets (other than adult care) are fit for purpose</p>	<p>Likelihood</p> <p>Impact</p>	<p>Limited</p>
<p><b>Cyber Security</b> – A broad spectrum of internal and external threats, which seek to negatively impact the confidentiality, integrity or availability of an information system and/or the information residing therein</p>	<p>Likelihood</p> <p>Impact</p>	<p>Limited</p>

***New Risk included within the current Strategic Risk Register***

Risk	Current Risk	Assurance
<p><b>IT</b> – IT Infrastructure – Ability to implement transformational aspirations and deliver BAU</p>	<p>Likelihood</p> <p>Impact</p>	<p><i>(Not assessed – further work required)</i></p>

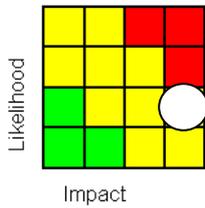
**Operational (Tactical) risks**

3. The Corporate Risk & Safety Steering Group met on 13<sup>th</sup> September 2018 and continues to have oversight of both operational and strategic risk management - as well as Health & Safety matters.
4. The terms of reference for the group have been updated together with the formal roles and responsibilities to ensure that individuals on the group are aware of their responsibilities.
5. We continue to monitor the operational (tactical) risks via the relevant Risk & Safety group(s) or equivalent through the dashboard approach. We focus 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.
6. A summary of each Directorates 'Top 5' risks is in *Appendix 1* which shows the following key messages:
  - 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 resources', 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;
  - There are no risks with 'Low Assurance' from a management perspective;
  - Even though a individual risk around Brexit has not been included, the potential impacts are reflected in current strategic risks.

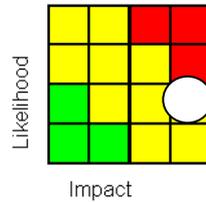
**Our Strategic Risks**

7. We have provided a more detailed direction of travel on the Council's Strategic Risks:

**Risk 1: Safeguarding Children – *Substantial assurance***



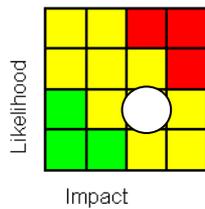
**Current risk score**



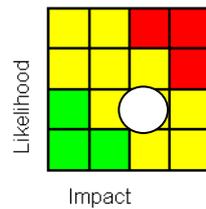
**Target risk score**

The level of assurance over this risk remains at 'substantial' with the direction of travel continuing as 'improving'. This has been strengthened further with the Ofsted inspections that were carried out in 2018.

**Risk 2: Safeguarding Adults – *Limited assurance***



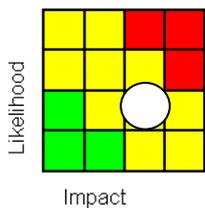
**Current risk score**



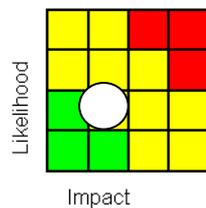
**Target risk score**

The assurance level around this risk stands at 'limited'; however the combined assurance report has identified overall status of 'substantial'. We will be following this up with the risk control owner to reflect this across the risk.

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



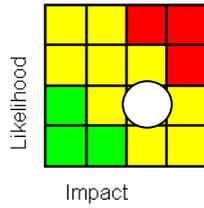
**Current risk score**



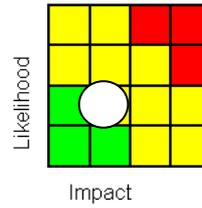
**Target risk score**

Business continuity has strengthened considerably over the last 12 months including implementation of all recommendations following the audit that was carried out in 2016. In view of this, the level of assurance has moved to 'substantial' from 'limited'.

**Risk 4: Adequacy of market supply to meet eligible needs across a number of directorates within the Council - *Limited assurance***



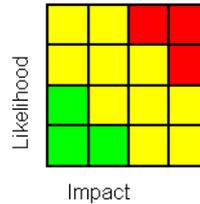
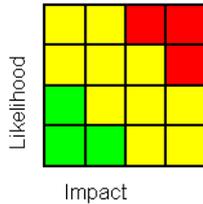
**Current risk score**



**Target risk score**

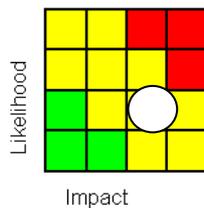
We continue to monitor this risk however this still remains 'limited' and is still a national issue across a number of areas within the Council.

**Risk 5: Ability to deliver our major designated projects – Not currently assessed**

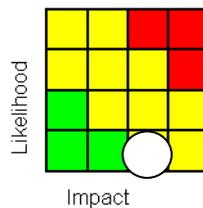


After discussion with the new risk owner, it has been identified that further work is required before this risk can be correctly assessed. It is proposed to work with a small number of representatives in defining the actual risk and appropriate assurance level and controls. The recent audit report on projects will feed into this work. We will report back to Audit Committee of any progress made in due course.

**Risk 6: Funding and maintaining financial resilience – *Substantial assurance***



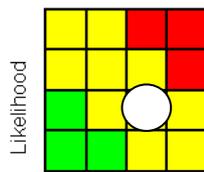
**Current risk score**



**Target risk score**

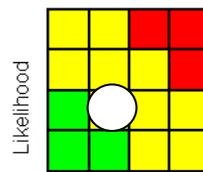
We continue to monitor the financial resilience of the Council and in view of this, the level of assurance remains unaltered at 'substantial'.

**Risk 7: Ability to recruit & retain staff in high risk areas – *Substantial assurance***



Impact

**Current risk score**

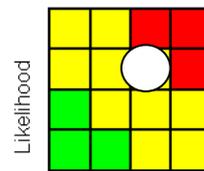


Impact

**Target risk score**

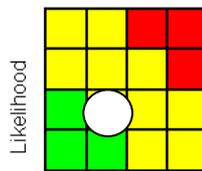
This risk has been lowered to an amber risk from red. This is due to the ongoing work to continue to implement controls. In view of the work that has been implemented, the assurance level has been amended to 'substantial' assurance from 'limited'.

**Risk 8: Ensuring contracts and markets (other than adult care) are fit for purpose – *Limited assurance***



Impact

**Current risk score**

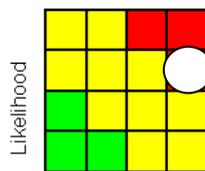


Impact

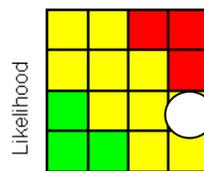
**Target risk score**

This risk remains unaltered and the assurance level has not been updated since our last report to Audit Committee. This is due to the awaited appointment of the new director. Once they are in place, we will be in a position to discuss this risk and update the committee of progress.

**Risk 9: Cyber Security – A broad spectrum of internal and external threats, which seek to negatively impact the confidentiality, integrity or availability of an information system and/or the information residing therein. – *Limited assurance***



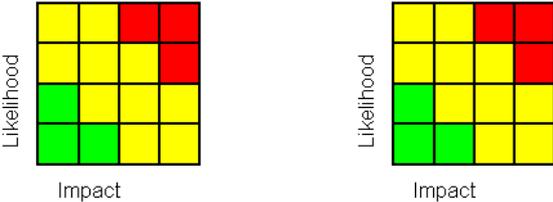
Impact



Impact

There are a number existing controls in place, however work is still being undertaken to ensure that further controls are implemented. Due to this, this risk still remains a high risk with 'limited' assurance at present.

**Risk 10: IT Infrastructure – Ability to implement transformational aspirations and deliver BAU – Not currently assessed**



Due to the nature of this new risk being around a number of system failures, it is difficult to pinpoint and populate the risk without further discussions with the relevant owner. For this risk, we will provide an update on the assurance level together with controls to Committee at the next update.

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

***Looking forward in risk management***

- 8. We will continue to promote the risk management e-learning on Lincs2Learn and to embed risk management throughout the organisation. Following our last report in September 2018, there has been a very good take up over the last few months with respect to completion of the e-learning. This follows the relaunch and update of the course in 2018.
- 9. We have recently attended a 'Futurist' event looking at risks for 2025 and we will be incorporating this into our future horizon scanning.

***Supporting other authorities***

- 10. We have been approached by a number of other authorities to deliver some sessions on risk appetite and identification of risks. These include, North Kesteven District Council, Academies, East Lindsey District Council and West Lindsey District Council.

# Appendix 1 - Directorate Top 5 Risks

ENVIRONMENT AND ECONOMY SIGNIFICANT RISKS & ISSUES		
We assess the Directorates ability to manage its wider risks and learn from past experiences by monitoring the following..		
Our top 5 (biggest 'tactical') risks are...		Which we believe are being managed... <small>(Assurance status – Full, Substantial, Limited, No)</small>
1	Effective resourcing and governance of major projects	Limited
2	Workforce and succession planning, impacting upon resillience and business continuity.	Limited
3	Insufficient (financial or human) resources potentially leading to: <ul style="list-style-type: none"> <li>- Failure of critical services</li> <li>- Radical impact on routine services</li> <li>- Non-compliance with policy</li> <li>- Legal challenges</li> <li>- Inability to secure funding opportunities</li> <li>- Inability to deliver strategic projects</li> </ul>	Limited
4	Ongoing impact of issues with IT systems on carrying out business as usual (efficiency, effectiveness, cost, financial management)	Limited
5	Health and Safety risks as recorded through the E&E H&S Group Risk Register:	Limited

FINANCE AND PUBLIC PROTECTION SIGNIFICANT RISKS & ISSUES		
We assess the Directorates ability to manage its wider risks and learn from past experiences by monitoring the following..		
Our top 5 (biggest 'tactical') risks are...		Which we believe are being managed... <small>(Assurance status – Full, Substantial, Limited, No)</small>
1	Lack of knowledge, skills & retention of experienced staff	Limited
2	Insufficient budget to deliver an acceptable level of service	Substantial
3	Failure of IT infrastructure & systems	Limited
4	Failure to respond to a major disruption of service resulting from staff shortage, loss of premises, technology failure, loss of information or loss of suppliers and partners	Substantial

ADULT CARE & COMMUNITY WELLBEING SIGNIFICANT RISKS & ISSUES		
We assess the Directorates ability to manage its wider risks and learn from past experiences by monitoring the following..		
Our top 5 (biggest 'tactical') risks are...		Which we believe are being managed... <small>(Assurance status – Full, Substantial, Limited, No)</small>
1	Threat of a novel strain of influenza creating a pandemic and national public health emergency continues to be likely.	Limited
2	Market sustainability of Adult Social care and Community Wellbeing Service providers	Substantial
3	Availability of sufficient and skilled social care and community wellbeing workforce	Substantial
4	Growing demand and complexity of health and social care needs	Substantial

CHILDRENS SERVICES SIGNIFICANT RISKS & ISSUES		
We assess the Directorates ability to manage its wider risks and learn from past experiences by monitoring the following..		
Our top 5 (biggest 'tactical') risks are...		Which we believe are being managed... <small>(Assurance status – Full, Substantial, Limited, No)</small>
1	Managing demand and having adequate resources	Substantial
2	Transition of Childrens Health 0-19 Service	Limited
3	Sufficiency of placement for "Looked after children"	Substantial
4	Schools deemed to be inadequate	Limited

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

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Appendix 2 - Strategic risk register

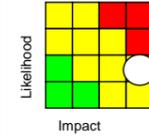
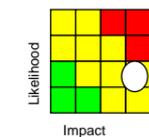
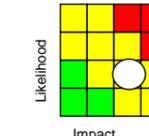
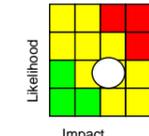
Strategic Risk Register

Version: 1.2

Reviewed: January 2019 (links to Commissioning Strategies January 2015)

Owner: Chief Executive

Commissioning Strategy - Communications are Safe and Protected

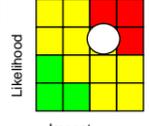
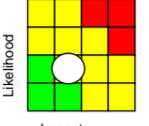
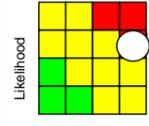
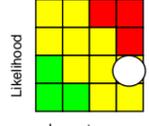
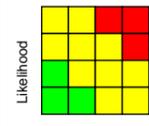
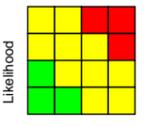
No of Risk	Risk Owner	Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)	Current risk score	Target risk score	Assurance Status (Full, Substantial, Limited, No)	Direction of Travel (Improving, Static, Declining)	Actions
1	Debbie Barnes	<b>Safeguarding</b> Safeguarding children	<b>Cautious</b> <b>(Regulatory standing &amp; legal compliance</b> - recognised may need to change the ways we do things are done but will be tightly controlled)			Substantial	Improving	<b>Existing Controls</b> <ul style="list-style-type: none"> <li>• Audit &amp; Performance information to DMT for scrutiny</li> <li>• Safeguarding Assurance days</li> <li>• Independent Chairs - review care plans &amp; quality - act as eyes &amp; ears for DMT</li> <li>• Peer Challenge (East Midlands Group)</li> <li>• Quality Team Manager Audits</li> <li>• Management &amp; investigation of complaints at local level</li> <li>• Children's Safeguarding Board</li> <li>• Performance Framework for Quality Assurance mechanisms</li> <li>• Practitioner Supervision &amp; Appraisal</li> <li>• Implementation of recommendations from serious case review</li> <li>• Member scrutiny of Social Care</li> <li>• Ofsted Inspection</li> <li>• Signs of Safety</li> <li>• Adoption reform</li> <li>• Partners in practice</li> </ul>
2	Glen Garrod	<b>Safeguarding</b> Safeguarding adults	<b>Cautious</b> <b>(Regulatory standing &amp; legal compliance</b> - recognised may need to change the ways we do things are done but will be tightly controlled)			Limited	Improving	<b>Existing controls</b> <ul style="list-style-type: none"> <li>• Multiagency Safeguarding Policy &amp; Local Procedures in place</li> <li>• Adults Strategic Safeguarding Board</li> <li>• Virtual integration between policy, practice &amp; strategy</li> <li>• CQC Information Sharing Meetings</li> <li>• Delivery of Safeguarding training to providers as part of 'Supporting Proprietors - Leadership &amp; Management' programme</li> <li>• Appropriate checks / vetting of staff in 'regulated activity posts'</li> <li>• Investment in staff development agreed with Adult Safeguarding Board (ASB) of £250,000 for 2 years (each year)</li> <li>• Improved performance monitoring to Adult Safeguarding Board (ASB) under development for regular monitoring</li> <li>• Public Protection Board</li> <li>• New quality assurance unit</li> <li>• Lead professional &amp; elite professionals</li> <li>• Serious case reviews</li> <li>• Senior Business Manager appointed to assist Safeguarding Manager and take lead on implementing Peer Challenge Action Plan</li> <li>• Performance Score Card monitored at department level reported to LASAB</li> <li>• Regular Case file Audits system implemented</li> <li>• Domestic Homicide review action plan completed March 2015</li> <li>• Implementation of Action plan arising from Peer Challenge completed January 2015</li> <li>• Internal Audit on Safeguarding completed with Substantial assurance</li> <li>• New resource for LSAP in an analyst</li> <li>• Regional Peer review in June 2016 - making safeguarding personal</li> </ul> <b>New / Developing controls</b> <ul style="list-style-type: none"> <li>• Develop &amp; implement suitable assurance framework for commissioned services (that considers safeguarding)</li> <li>• Develop &amp; implement suitable assurance framework for Personal Budgets (that considers safeguarding)</li> <li>• Successful implementation of Mosaic</li> </ul>

Commissioning Strategy - Health and Wellbeing is improved

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	<b>Resilience (Business Continuity)</b> 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.	<b>Mature</b> (Projects & major change - need to be innovative and take higher risks for greater reward - higher levels of devolved authority)	<b>Creative &amp; Aware</b> (Partnerships - Recognised that we work differently with different partners)			Substantial	Improving	<p><b>Existing controls</b></p> <ul style="list-style-type: none"> <li>Investing in protection and vulnerability reduction (e.g. Boston Barrier) - this refers to the flooding part of the risk</li> <li>Commissioning through effective partnership working (e.g. LRF, LHRP and FR &amp; DM)</li> <li>Flood risk drainage management strategy - this refers to the flooding part of the risk - Now with strategic and operational group.</li> <li>Implementation of Senior Management Command arrangements:                             <ul style="list-style-type: none"> <li>The strategic and tactical commanders are now on call.</li> <li>New training for tactical commanders has been developed and implemented with a hand out provided for emergency situations</li> </ul> </li> <li>Maintaining organisational / operational competencies (training &amp; exercising) in key roles and functions of command outside our control, multi-agency co-ordination and business recover</li> <li>Training and exercise of people in roles of command, business recovery and multi-agency co-ordination including Cygnus. Elected members are now trained in responses to emergency situations by BC &amp; EP.</li> <li>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.</li> <li>BC and EP team are now at full capacity with the addition of a Health EP officer. 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)</li> <li>A corporate business continuity group has been established and used. They meet twice a year to share information and review preparedness.</li> <li>There is a mutual aid capacity within Lincolnshire and its districts with the other councils around Lincolnshire.</li> <li>Working directly with services to develop service BC plans</li> <li>Review outstanding issues from recent audit report</li> <li>Ensure plans are in place. Three year audit plans built into team members objectives to review every three years.</li> <li>The command and control audit is complete</li> <li>Lincolnshire Resilience Forum has a Business Continuity IT Security group. It is used for information sharing, identifying critical suppliers and other subjects within the IT area.</li> </ul> <p><b>New / Developing Control</b></p> <ul style="list-style-type: none"> <li>Redesigning 3 year programme - reflect and review impacts of organisational change - near completion</li> <li>Policy and strategy documents are to be reviewed next.</li> <li>Exercises are being undertaken to test / train critical services</li> <li>New Comms plan - in progress - The draft communications plan is available and will be finalised in the near future. This will include a text messaging system.</li> </ul>
4	Glen Garrod	<b>Market Supply</b> Adequacy of market supply to meet eligible needs across a number of directorates within the Council	<b>Cautious</b> (Regulatory standing & legal compliance - recognised may need to change the ways we do things are done but will be tightly controlled)				Limited	Improving	<p><b>Existing controls</b></p> <ul style="list-style-type: none"> <li>Continued improved relationships with providers</li> <li>Community support framework</li> <li>Targeted market stimulation - geographic or service based on micro-level according to need and based on good intelligence.</li> <li>Capital strategy in place for next 3 years with funding level and team created</li> <li>Additional resources in Procurement Lincs to improve contract management</li> <li>Homecare rates established and procurement approach agreed</li> <li>Funding for residential care secure</li> <li>Contract register in place</li> <li>Additional investment in community based services with NHS developed</li> <li>Additional funding agreed for 3 years with Executive</li> </ul> <p><b>New / Developing controls</b></p> <ul style="list-style-type: none"> <li>Develop further diversification of the market, i.e. multiple providers being able to offer multiple services</li> <li>Develop right mix of skills to become a commissioner of services</li> <li>Extra care schemes should begin to be progressed by end of 2019</li> </ul>

Commissioning Strategy - We effectively target our resources

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)	Direction of Travel (Improving, Static, Declining)	Actions
5	Andy Gutherson	<b>Projects</b> Ability to deliver our programme of designated projects	<b>Mature</b>  (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)					<ul style="list-style-type: none"> <li>For the purposes of this risk, at this time, there needs to be further clarity and agreement of the definition of Projects. We are currently working a way forward with CMB as to how this can be progressed.</li> </ul>
6	Pete Moore	<b>Budget - LCC</b> Funding and maintaining financial resilience	<b>Creative &amp; Aware</b>  (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	<p><b>Existing controls</b></p> <ul style="list-style-type: none"> <li>Sound process on trying to protect where funding is going supported by Medium Term Financial Strategy</li> <li>Good financial management with monitoring arrangements in place</li> <li>Accountability framework</li> <li>Council Priority Activities agreed &amp; delivery of major projects managed / monitored.</li> <li>Close working with DC's on funding arrangements</li> <li>Medium term financial plan for next 3 years updated as part of budget process</li> <li>Financial Volatility Reserves available to support budget as required</li> <li>Reviewed Financial Strategy</li> <li>Quality impact assessment on Council Tax increase</li> <li>Building flexibility to deal with in-year changes</li> <li>Capital Programme/Asset Sales Review and approval of newer capital strategy</li> <li>Use of capital receipts to part fund revenue budget</li> <li>A provisional budget for 2019/20 has been published for consultation and will be finalised in February 2019. A further comprehensive, zero budget review will be undertaken by Summer 2019 to address the budget challenges for the period after March 2020. By Summer 2019 there may also be further clarity regarding a number of significant national funding issues - the next Spending Review, the Green Paper on future funding for Adult Social Care and Fair Funding / Business Rates Retention Review.</li> </ul>
7	Debbie Barnes	<b>Recruitment / Staffing</b> Ability to recruit & retain staff in high risk areas	<b>Averse</b>  (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)			Substantial	Improving	<p><b>Existing controls</b></p> <ul style="list-style-type: none"> <li>Pro-active work to embed the 'Mindful Employer Charter' being one of the key activities/outcomes of the Health and the Wellbeing Plan - Renewed Feb 2018</li> <li>Information provided for managers and staff on increasing resilience through change as well as Organisational development practice applied to all key change related projects</li> <li>Employee feedback through the development of staff surveys to reinforce the Council's commitment to be a good employer (staff surveys in November 2017)</li> <li>Audits &amp; action plans in all service areas</li> <li>Recruitment and retention action plans to recruit and retain hard to recruit staff</li> <li>Additional resources to promote employment opportunities for young people in the Council and support development of future workforce including apprentices.</li> <li>CX briefings and newsletters support internal staff engagement</li> <li>A central source of internal and external marketing methods which can be used by specific managers to source resources effectively to meet their requirements (for hard to recruit and retain areas)</li> <li>Audits and action plans. During 2017-18, randomly selected audits will be undertaken by the Serco Absence Management Team for 10% of sickness absence cases in 2016-17. In addition to audits in sickness hot spot areas.</li> <li>Communication plan to reinforce managers that they should be carrying out appraisals &amp; recording them. Reported to CMB Jan 2018</li> <li>Full recruitment service review through Serco contract</li> <li>Re procurement of Agency contract to meet diverse needs in particular to address areas of hard to recruit &amp; retain groups, including monitoring of spend for agency workers.</li> <li>Workforce plan taken to CMB in June 2018 and is now in place".</li> <li>Regular updates to OSMB, to show benefits realisation of all projects in the workforce plan</li> </ul> <p><b>New / Developing controls</b></p> <ul style="list-style-type: none"> <li>Combined approach with public health to define strategy &amp; action plan</li> <li>Project in place to ensure the delivery of the governance apprenticeship reforms so that the levy can be maximised for the benefit of the Council including; development of the workforce to address key shortage areas through 'grow your own' schemes; and to offer employment and apprenticeship opportunities to young people aged 16-24 within the Council</li> <li>Procure and implement a long term modern benefits package can be added to new and developing</li> <li>Performance driven, employee engagement and employer of choice projects &amp; plans in place to identify key outcomes</li> <li>Payroll audit planned for Oct 18, to ensure all employees are being paid accurately</li> </ul>

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)		Risk Score		Assurance Status (Full, Substantial, Limited, No)	Direction of Travel (Improving, Static, Declining)	Actions
			Creative & Aware (Finance & money - We wish to reduce cost and improve performance by well measured risk taking incorporated into our contracts which accurately and comprehensively record the commercial deal struck. We are prepared to fund capital expenditure where it makes sense to do so.)	Creative & aware/cautious  (Partnerships - Recognised that we work differently with different contractors / partners)	Current risk score	Target risk score			
8	Sophie Reeve / CX	<b>Strategic contracts</b> Ensuring contracts and markets (other than adult care) are fit for purpose					Limited	Improving	<b>Existing controls</b> <ul style="list-style-type: none"> <li>• Business cases</li> <li>• Options appraisals</li> <li>• Access to commercial team advice and support</li> <li>• Access to legal advice and support</li> <li>• Use of industry standard contracts e.g. NEC</li> <li>• Service area internal quality assurance processes</li> <li>• Project decision making and governance including accountable decision maker</li> <li>• CPPR</li> <li>• Contract regulations</li> <li>• Extended Serco Contract for at least a further 2 years</li> </ul> <b>New / Developing controls</b> <ul style="list-style-type: none"> <li>• Developing library of contract precedents</li> <li>• Developing Standard Operating Procedures</li> <li>• Commercial awareness training</li> <li>• Market analysis tool</li> </ul>
9	Debbie Barnes	<b>Cyber Security</b> A broad spectrum of internal and external threats, which seek to negatively impact the confidentiality, integrity or availability of an information system and/or the information residing therein.	Cautious				Limited	Improving	<b>Existing controls</b> <ul style="list-style-type: none"> <li>• Email filtering tool to protect from malicious software via email, deployed.</li> <li>• Tool to support internet security, to identify &amp; block malicious internet traffic, deployed.</li> <li>• Cyber Security governance processes</li> <li>• Information security management system</li> <li>• End user facing IA policy framework</li> <li>• Increased cyber security awareness</li> <li>• Defined key cyber controls</li> </ul> <b>New/Developing controls</b> <ul style="list-style-type: none"> <li>• Implement Cyber controls: <ul style="list-style-type: none"> <li>- Protect emails</li> <li>- Protect enterprise and user technology</li> <li>- Protect digital services.</li> </ul> </li> </ul>
10	Debbie Barnes	<b>IT</b> IT Infrastructure - ability to implement transformational aspirations and deliver BAU.							<b>Existing controls</b>  <b>New &amp; Developing</b>

## Regulatory and Other Committee

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

Report to:	<b>Audit Committee</b>
Date:	<b>28 January 2019</b>
Subject:	<b>Northamptonshire County Council Best Value Inspection - Lessons Learned</b>

#### **Summary:**

The purpose of this report is to provide Members of the Committee with a summary from the Lessons Learned exercise completed, following the publication of the Northamptonshire Council Council Best Value inspection report.

The Council has set a balanced budget and has a proven track record for delivery of savings targets. Careful consideration is given on the level of its reserves to support the budget. Members have quite rightly, on occasion, challenged whether - given the level of Council reserves - the Council could use these to reduce the immediate impact of potential funding reductions. A volatility reserve is in place to help smooth transition and delivery of transformation projects - minimising the impact on communities.

Officers do not underestimate the complexity of the budget challenges ahead but are satisfied that the appropriate structures, scrutiny and financial management processes are in place to protect the Council from similar issues at Northamptonshire CC.

However, the Council cannot afford to be complacent and the report highlights opportunities for improvement, namely:

- Capital programme reporting
- Reporting the benefits realised from flexible use of capital receipts
- Updating financial procedures
- Better reporting and transparency on delivery of savings targets
- Better clarity in committee reports (to support good decision making, better scrutiny and challenge)
- Capital strategy (to support good decision making)
- Forward financial planning & budget setting for April 2020 onwards
- Enhanced Member training
- More robust scrutiny over reserves by the Overview Scrutiny Management Board (OSMB)
- Robust scrutiny over financial risks and risk register by the OSMB

**Recommendation(s):**

That the Committee:

- identify and provide the Executive with assurance on financial resilience
- decide if there are any further assurances required by the Committee on the improvement areas and include in the workplan.

**Background**

1. The inspection report highlighted a number of areas of failure in governance and budgetary control which led to an assessment that the NCC had 'failed to comply with its duty under the Local Government Act 1999 to provide best value in the delivery of its services'.
2. The problems faced by NCC have resulted in the appointment of independent commissioners to oversee the Council's finance, governance and scrutiny, a capitalisation dispensation allowing £70m capital to be used to reduce its deficit and a recommendation for the creation of two unitary authorities in Northamptonshire.
3. We have reviewed the above report and asked some key questions:

Can it happen here?	<b>May be</b>	Unlikely given our existing tight grip on finances.
Do we need to make improvements?	<b>Yes</b>	Financial resilience is a strategic risk. Effective oversight and review is undertaken by the Corporate Management Board and the Executive.
Do we need to protect the organisation?	<b>Yes</b>	Our governance arrangements are regularly reviewed. Any significant governance issues are acted upon and reported to the public through our Annual Governance Statement.  A Governance review around culture and ethics is coming to a conclusion – this will provide the Council with a platform to improve.

**Our Approach**

4. We identified the key areas of weakness from the Best Value report and compared our governance arrangements, processes and control framework (including outcomes of audit work) to assess officers' assurance and identify any gaps or improvements that should be made.

5. A joint workshop of the Audit Committee and Overview & Scrutiny Management Board (OSMB) was held on the 19<sup>th</sup> December 2018 to gather Member views and feedback (see Appendices A – C for workshop information).
6. Our focus was:
  - Financial Resilience
  - Culture and Accountability

We did not examine any associated service failures at Northamptonshire CC.

## Financial Resilience

7. The S151 Officer is fully conversant with the recent high profile work undertaken by CIPFA in developing a resilience index to assess the financial health of English local authorities. The outcome of that work is not yet in the public domain but it is the current belief that the Council is in a sound financial position and has a good track record in both developing and delivering balanced budgets. The OSMB will be made aware of the Council's resilience indicators once it is made available, and consideration will then be given on how financial resilience indicators should be reported to Members in the future.

## Areas of Good Practice

### **Financial Strategy & Risk Assessment reviewed annually and approved**

A financial risk assessment and financial risk register in place that informs appropriate target levels for reserves.

Report presented to OSMB for their consideration and recommendation on reserves to the Executive Councillor responsible for Finance.

Executive Directors complete robustness statements on risks associated with delivery of their budget – including giving assurance on the budget management arrangements in place. These statements inform an overall corporate statement compiled by the S151 Officer.

### **Well defined process and scrutiny of annual budget setting process**

Budget setting framework in place - reviewed annually for lessons learned and communicated to Finance Team.

Internal Audit Substantial Assurance reported for 2017/18.

Budget timetable in place for preparation, reporting & approval.

	<p>Budget consultation undertaken with feedback published in the annual Budget Book.</p> <p>Budgets are reported and scrutinised by individual Scrutiny Committees, OSMB, the Executive and approved by Full Council.</p>
<p><b>Sound financial management has resulted in a lower than expected impact on Council reserves</b></p>	<p>Regular monitoring and forecasting by Budget Holders.</p> <p>Finance team report financial position regularly to Directorate Management Teams and twice a year to OSMB and the Executive.</p> <p>Outturn report presented to Full Council. Internal Audit Substantial Assurance reported for 2017/18.</p>
<p><b>4-year Medium Term Financial Plan (MTFP) reflecting 'worst case scenario' developed &amp; reported</b></p>	<p>This confirmed an up to date MTFP was in place up to 2021/2022, based on a strictly controlled Budget Model, clear and approved assumptions and was aligned with the 4 year funding agreement.</p> <p>The budgetary shortfall and plans to meet this are discussed throughout the year at Corporate Management Board (CMB) and Informal Executive meetings.</p> <p>Work on post 2020 savings is scheduled to commence in the Winter / Spring of 2019 with a view to going for scrutiny in the coming Autumn.</p> <p>Internal Audit Substantial Assurance reported for 2017/18.</p>
<p><b>Robust finance team support for Budget Holders</b></p>	<p>Finance team members provide support and challenge to Budget Holders based on their need, budget values and level of risk. Budget Holder training in place and Financial Procedures are being updated.</p>
<p><b>Unqualified KPMG Value for Money opinion 16/17 &amp; 17/18</b></p>	<p>KPMG's review of specific value for money risk areas for 2017/18 included Financial Standing, medium term financial planning and continuing financial resilience. They determined that 'the risks highlighted in the 2018/19 budget are consistent with those faced by others in the sector, particularly</p>

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around the demands on adult care services, and the medium term outlook remains challenging.

They were satisfied though that there were adequate arrangements in place at 31 March 2018.

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## Where we can improve

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### **Production of a Capital Strategy**

Work to progress the document is on schedule and the Strategy will be taken through the political process during January and February 2019 before it is adopted by the Council.

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### **Capital programme reporting**

Internal Audit assurance over Capital programme in 2017/18 was Limited.

Capital reporting is being reviewed to improve the transparency of a scheme's finances - with a particular emphasis on affordability. This will enhance scrutiny and support project teams in making informed decisions around their spend.

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### **Reporting on use and benefits realised from flexible use of capital receipts**

In 2016 Section 15(1) of the Local Government Act 2003 gave councils more flexibility in the use of capital receipts. It allowed these to be used to fund expenditure on projects that are designed to generate ongoing revenue savings or transform services to reduce costs. The recent Internal Audit report identified that better reporting to Full Council is needed to ensure appropriate disclosure and visibility.

Improvements to reporting on the flexible use of capital receipts are planned to include additional information on actual savings achieved where these can be calculated. Where savings cannot be calculated the transformational benefits will be described.

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### **Forward financial planning & budget setting from April 2020**

Government spending review from April 2020 is not due until November 2019, but in preparation a thorough and in depth review over budgets and potential savings is being undertaken.

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### **Transparency of savings targets**

CIPFA guidance on building financial resilience highlights the importance of clear savings plans that are separately monitored. No major savings have been defined in recent budgets – savings are merged into budgets and monitored accordingly.

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<b>Additional budget reporting to Scrutiny committees</b>	<p>Consider how future savings plans are to be monitored and reported.</p> <p>Quarterly budget reports are received by OSMB and the Adults &amp; Community Wellbeing Scrutiny Committee. Consider presenting detailed quarterly budget reports to each individual Scrutiny Committee to provide more detailed scrutiny of each element of the budget.</p> <p>This should include financial risk register and understanding the risk appetite – linked to saving targets.</p>
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<b>Earlier information through informal governance arrangements</b>	Assess if it's viable for informal Executive information / papers could be shared with OSMB – informally.
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<b>Enhanced Member training</b>	Financial Strategy provides training to Members but this is not always well attended. Consider the benefits of budget / finance training being mandatory. Investigate the use of on-line training & assessment tools.
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<b>More clarity and impact report writing</b>	Many reports are written from the Officer point of view – a logical sequence of events. They don't always think about the reader eg plainEnglish etc. The clarity and impact of information gets lost and information isn't always easy to understand. Effective report writing training and protocols should be considered.
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## **Culture & Accountability**

### **Areas of Good Practice**

<b>Defined values and behaviours for all who work for the Council</b>	The Council adopted a set of Values and Culture to support its Vision and Purpose. Our appraisal process includes evidenced review over these core Values and Behaviours.
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<b>Positive assessment of Governance against CIPFA / SOLACE framework</b>	<p>Internal Audit completed a review against the 2016 CIPFA / SOLACE 'Delivering Good Governance in Local Government Framework'.</p> <p>This gave High or Substantial Assurance across the 7 principles. Further work covering Culture &amp; Ethics is currently in progress and will be reported to Audit Committee in March 2019.</p>
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<b>External review over Scrutiny arrangements</b>	<p>The East Midlands Councils completed a review over scrutiny arrangements, making a number of recommendations that were implemented by the Council from May 2017.</p> <p>Work is currently being undertaken to review what difference this has made and if any further improvements could be made.</p>
<b>Effective Audit Committee holding officers to account</b>	<p>Officers are required to attend Audit Committee to report on progress where Internal Audits reports have Limited or low Assurance. Persistent challenge has been demonstrated around regular management reporting on payroll and IMT concerns.</p>

## Where we can improve

<b>More regular review and update of Financial Procedures.</b>	<p>Financial Procedures have not been updated since the implementation of Business World (previously known as Agresso) in April 2015. Review and update is currently in progress, defining processes, expectations and making clearer lines of accountability.</p>
<b>Have a better understanding of reserves when approving accounts</b>	<p>Acknowledged that more information and challenge on Council reserves may be needed on annual scrutiny of accounts by the Audit Committee.</p>

## Conclusion

Evidenced based comparison of the Council's governance and financial management arrangements against the issues highlighted in the NCC Best Value Inspection report give officers assurance that the risk of similar issues occurring at LCC is Low. However, areas for improvements have been identified that will further strengthen reporting, scrutiny and transparency.

### Consultation

**a) Have Risks and Impact Analysis been carried out?**

No

**b) Risks and Impact Analysis**

N/A

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Audit Committee and OSMB Workshop 19 December 2018 - Pre-workshop briefing paper
Appendix B	Audit Committee and OSMB Workshop 19th December 2018 - Presentation slides
Appendix C	Audit Committee and OSMB workshop 19th December 2018 - Workshop feedback

## 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 David Forbes, who can be contacted on 01522 553642 or [david.forbes@lincolnshire.gov.uk](mailto:david.forbes@lincolnshire.gov.uk) .

## Appendix A

### Briefing Paper

### OSMB and Audit Committee Workshop

### Lessons learnt from Northamptonshire County Council

19<sup>th</sup> December 2018

10:00 – 11:30

## Summary

The purpose of this briefing paper is to provide you with background information prior to the OSMB and Audit Committee workshop on 19<sup>th</sup> December 2018. The information contained within this document is based upon the findings from the following reports;

- NCC Best Value Inspection
- KPMG External Audit Interim Report 2017/18 NCC
- LGA Financial Peer Review

NCC's performance can be characterised and assessed by looking at three key factors;

### Financial Resilience

Financial resilience describes the ability of local authorities to remain viable, stable and effective in the medium to long term in the face of pressures and growing demand, tightening funding and an increasingly complex and unpredictable financial environment.

### Culture

Organisational culture is defined as the underlying beliefs, assumptions, values and ways of interacting that contribute to the unique social and psychological environment of an organisation.

### Accountability

The obligation of public sector organisations to be accountable and answerable for their policies, decisions and actions, particularly concerning public finances.

NCC failed to balance its budget and plan effectively. Max Caller, the lead inspector stated that NCC had ignored a growing financial crisis at the authority, which he said had been beset by poor management, lack of scrutiny and unrealistic budget setting. There were major failings from both members and officers. Reports found that senior councillors and officers ignored or evaded criticism and challenge, and budgets were set without regard to need, demand or deliverability. These failings resulted in;

- Section 114 notices being issued
- Commissioners taking control of the authority
- Children's services failing to perform at an adequate standard
- And much more.....

**What lessons can be learnt? – Do we need to do things differently to prevent any of these issues happening here?**

## Financial Resilience

### **Poor decision making at both member and officer level**

Following the issue of the Section 114 notice in February 2018 and the KPMG Advisory Notice on the Budget also in February 2018, the Council still appears to struggle to take the necessary decisions at both member and officer level to control and restrain expenditure to remain within budget constraints.

### **Cannot make informed decisions due to poor organisation processes**

In 2016/17 KPMG identified that the average number of budgets submitted throughout the year was 68%. This meant that information was not available to management or members to make informed decisions based on actual financial performance or in a timely manner.

### **Councillors were unclear and unaware about NCC's use of Capital Receipts**

The main way in which NCC has sought to balance its budget since 2016/17 is to make use of the flexibility allowed by Government to use capital receipts for transformation purposes. Councillors were neither clear nor briefed on the rules and application of this funding source.

### **The scrutiny process was abandoned**

Following an Ofsted inspection report published in August 2013 which resulted in an "inadequate" judgement and the subsequent Statutory Direction, NCC lost tight budgetary control and appeared to abandon strong and effective budget setting scrutiny.

## Culture

### **Criticism was not accepted and no strategies to address issues were implemented**

The council did not respond well, or in many cases react to external and internal criticism. Councillors were also refused information when they sought clarification. Individual Councillors right to know was not understood and Councillors had been refused information when they asked questions. It was also noted that Members were told they were not to be given access to some information.

### **Reports to members were not provided promptly**

Matters that the Audit Committee had wanted reports on had on occasions took many months to compile, and the audit committee needed to be persistent in their requests.

**Major organisation restructures**

Over the past 5 years there has been significant change in the personnel at the top of the officer structure in NCC. All the Executive Directors have been replaced, in some posts more than once.

**Accountability**

**Organisational structure issues with no clear line of sight**

There are a number of areas where the relationship with LGSS (Local Government Shared Services) at best confuses accountability and at worst prevents it.

**No ownership or accountability**

There was a severe lack of accountability for the non-delivery of savings and that non-delivery is manifested with budgets being reinstated without any attempt to explain why the saving was not achieved.

## Appendix

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1. NCC Best Value Inspection:

<https://www.gov.uk/government/publications/northamptonshire-county-council-best-value-inspection>

2. KPMG External Audit Interim Report 2017/18 NCC:

<https://cmis.northamptonshire.gov.uk/cm5live/Document.ashx?czJKcaeAi5tUFL1D TL2UE4zNRBcoShgo=SacwVD14wUqAvF0UMdr1OAozbBxmNsAgUZfxTHHsCm67GYo5AahpRw%3D%3D&rUzwRPf%2BZ3zd4E7lkn8Lyw%3D%3D=pwRE6AGJFLDNIh225F5QMaQWCtPHwdhUfCZ%2FLUQzgA2uL5jNRG4jdQ%3D%3D&mCTlbCubSFfXsDGW9IXnlq%3D%3D=hFfIUdN3100%3D&kCx1AnS9%2FpWZQ40DXFvdEw%3D%3D=hFfIUdN3100%3D&uJovDxwdjMPoYv%2BAJvYtyA%3D%3D=ctNJFf55vVA%3D&FgPIIEJYlotS%2BYGoBi5oIA%3D%3D=NhdURQburHA%3D&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3D&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3D&WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3D>

3. LGA Financial Peer Review:

<https://www3.northamptonshire.gov.uk/councilservices/council-and-democracy/performance-and-plans/Documents/Northamptonshire%20CC%20-%20FINAL%20Feedback%20Report.pdf>

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# OSMB and Audit Committee Workshop

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Northamptonshire County Council: Could it happen here?

19<sup>th</sup> December 2018

# Welcome and Introductions



# Media Reactions



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# Some questions for us?

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Can it happen here?

**No**

Do we need to make improvements?

**Yes**

Do we need to protect the organisation?

**Yes**

# Areas of Focus Today

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**Financial  
Resilience**



**Culture**



**Accountability**



# Financial Resilience

## Definition of “Financial Resilience”

*Financial resilience describes the ability of local authorities to remain viable, stable and effective in the medium to long term in the face of pressures and growing demand, tightening funding and an increasingly complex and unpredictable financial environment.*

# The CIPFA Financial Resilience Index

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## Themes:

- Reserves
- Spend on high pressure services
- Major funding streams
- Independent judgements

# Workshop

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How can Members gain assurance that this Council is financially resilient?

What do you need to see?

What questions could you be asking?

# Areas for consideration

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- Financial strategies
- Financial planning beyond next year
- Budget setting - process and scrutiny
- Budget performance monitoring
- Record of achieving budget savings
- Financial regulations, policies, procedures
- Financial risk appetite
- Financial risk management.
- Financial leadership and culture
- Good financial decision making

# Improvement Areas

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- Capital programme reporting
- Reporting of benefits realised from flexible use of capital receipts
- Updating financial procedures
- Capital Strategy (to support good decision making)
- Forward financial planning & budget setting for April 2020



# Culture & Accountability

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# NCC's Vision and Strategic Outcomes

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## Vision:

“Making Northamptonshire a great place to live and work”

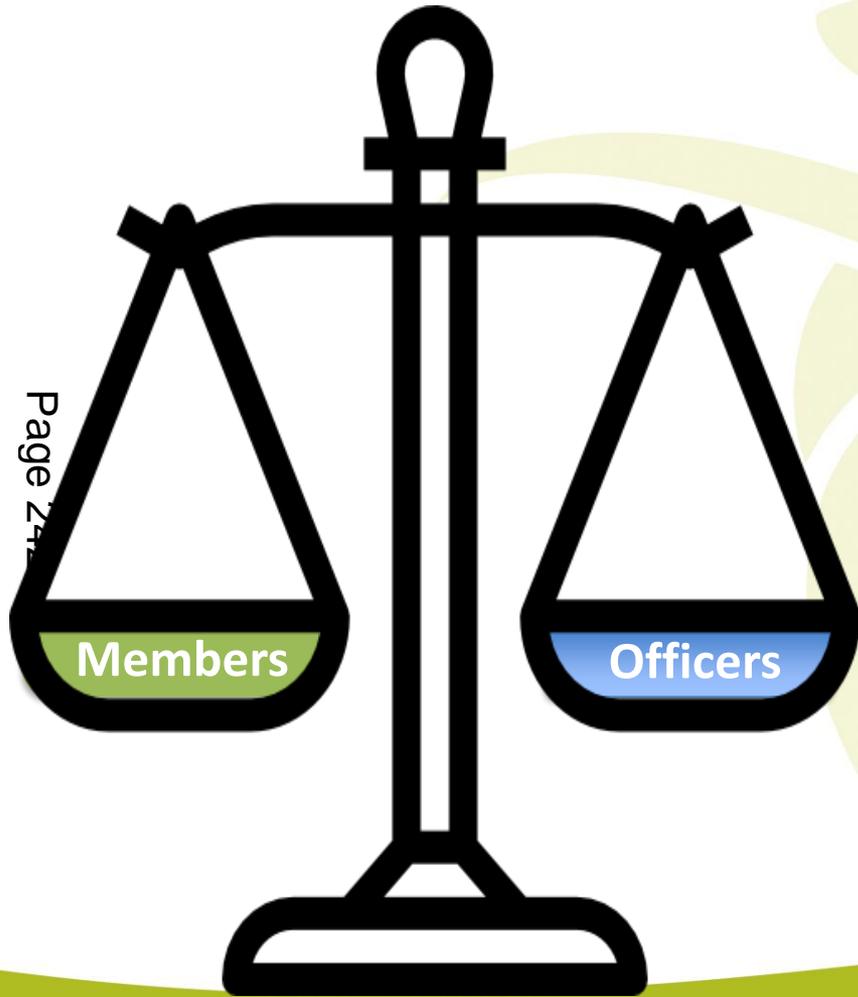
The strategic ambitions for the Council were articulated through the following key outcomes:

- People of all ages are **safe, protected from harm** and able to live happy, healthy and independent lives in our communities  
**People have the information and support they need** to make healthy choices and achieve wellbeing  
People **achieve economic prosperity**, in a healthy low carbon economy which gives access to jobs, training and skills development  
Communities thrive in a pleasant and **resilient environment**, with robust transport and communications infrastructure
- **Resources are utilised effectively and efficiently**, in coordination with partners and providers

**Have they delivered any of their strategic ambitions?**

# No Direction

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- Northamptonshire County Council leaders ignored warnings about a financial crisis **three years ago**, government inspectors have said.
- A letter from 2015 showed that the authority had overspent by £43m just seven months into the financial year.

# 2015 Crisis Warning

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Then Director of Finance (Mr Bowmer) in 2015 wrote “We are experiencing a significant financial crisis but there is **avoidance of the term** and a **lack of action** appropriate for the situation we find ourselves in. At the heart of this is the corrosion of our financial management arrangements over the past 18 months; there has been **a change of culture and behaviour** where overspending is acceptable and there are no sanctions for failure”. Mr Bowmer also warned that the impending crisis could place the council “at great risk in the future”.

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Max Caller stated that “Mr Bowmer’s letter was not treated as a wake up call”. Inspectors believe if the warning would have been heeded, “the council would not have to find £70m of savings this year”.

- Tony McArdle “It is abundantly clear that the warning signs for Northamptonshire were there and were recognised”.

# NCC Independent Auditor's Report

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**13/14**

KPMG: **Satisfied** in all significant respects, Northamptonshire County Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31<sup>st</sup> March 2014

**14/15**

KPMG: **Satisfied** in all significant respects, Northamptonshire County Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31<sup>st</sup> March 2015

**15/16**

KPMG: **Not satisfied** in all significant respects, Northamptonshire County Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31<sup>st</sup> March 2015. The Authority did not have proper arrangements in place to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions in the year ended 31<sup>st</sup> March 2016

# Culture

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A group of moral principles or set of values that define or direct us to the right choice

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'the way we do things around here'



# Definition of Good Governance

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'Doing the right things in the right way – putting the public interest in decision making at all times'

# Definition

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It means:

- **Reflecting the organisations values** – the principles and standards underpinning the way we interact with others to support excellent service delivery
- **Behaviour** – the way we conduct ourselves and act out those values as part of our day to day functions in business operations and service delivery (the 10 principles of public life). How this is perceived by colleagues, members of the public, partners, suppliers and the media
- **Good Governance** – achieving business success by having the good systems and processes in place to run the Council well

# Definition- A Learning Culture

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It means distinguishing between:

- **Simple mistakes or errors** – individuals should not be ‘blamed’ for things going wrong but they should be held accountable for their actions and learn from mistakes
- **Risky behaviour** – having a strong risk and control culture. Clearly understanding your risks and their potential impact. Where risk decisions need to be improved then individuals should be coached and educated to be more careful
- **Reckless behaviour** – systems and processes set up to encourage people to comply but where they deliberately override controls – action is taken

# Definition – Just Culture

Human Error	At-Risk Behavior	Reckless Behavior
Inadvertent action: slip, lapse, mistake	A choice: risk not recognized or believed justified	Conscious disregard of unreasonable risk
Manage through changes in: <ul style="list-style-type: none"> <li>• Processes</li> <li>• Procedures</li> <li>• Training</li> <li>• Design</li> <li>• Environment</li> </ul>	Manage through: <ul style="list-style-type: none"> <li>• Remove incentives for at-risk behaviors</li> <li>• Create incentives for healthy behaviors</li> <li>• Increase situational awareness</li> </ul>	Manage through: <ul style="list-style-type: none"> <li>• Remedial action</li> <li>• Punitive action</li> </ul>
Console	Coach	Discipline/Sanction

# What does good look like?

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INTERNATIONAL FRAMEWORK: GOOD GOVERNANCE IN THE PUBLIC SECTOR



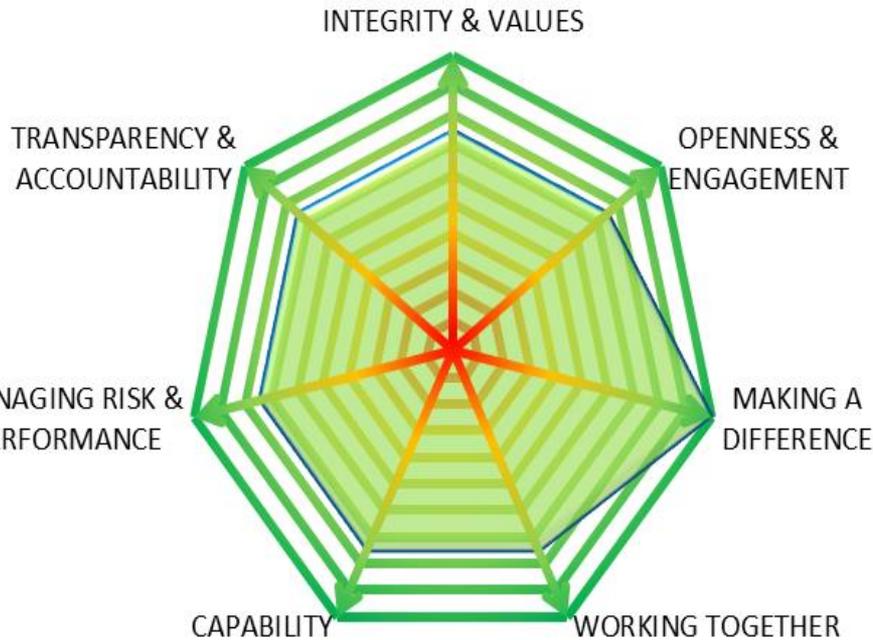
## delivering good governance

in Local Government Framework 2016 Edition



# Evidence demonstrating good governance

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<b>Principle 1 - Integrity &amp; Values</b>	<b>Substantial Assurance</b>
<b>Principle 2 - Openness &amp; Engagement</b>	<b>Substantial Assurance</b>
<b>Principle 3 - Making a difference</b>	<b>High Assurance</b>
<b>Principle 4 - Working together</b>	<b>Substantial Assurance</b>
<b>Principle 5 - Capability</b>	<b>Substantial Assurance</b>
<b>Principle 6 - Managing risk &amp; performance</b>	<b>Substantial Assurance</b>
<b>Principle 7 - Transparency &amp; accountability</b>	<b>Substantial Assurance</b>

# Governance Review – Culture and Ethics - underway

- Will provide insight and assurance on culture and ethical framework – supporting success and good governance going forward
- Review Sponsor to help smooth the way – senior officer (Debbie Barnes) and member (Councillors Barry Young and Jackie Brockway)
- Survey – using results of staff survey and Councillor survey
- Data analytics to provide Corporate Health Indicators
- Discussions with key stakeholders
- Focus Groups
- Measuring Success - Maturity Model

# Culture: Good Practice and Poor Practice

## Good Practice

**Behaving with integrity** - Governing body members should behave with integrity. Each governing body should promote a culture where acting in the public interest at all times is the norm, together with a continuing focus on achieving the entity's objectives.

**Demonstrating strong commitment to ethical values** - Ethical values should permeate all aspects of a public sector entity's operation, and these values should underpin the personal behaviour of all governing body members and staff.

**Respecting the rule of law** - Public sector entities at all levels may be involved in creating, interpreting, applying, or enforcing laws. Such activities demand a high standard of conduct to prevent these roles from becoming tainted and losing their credibility.

## Poor Practice (NCC)

Matters that the Audit Committee had wanted reports on had on occasions took many months to compile, and the audit committee needed to be persistent in their requests.

The council did not respond well, or in many cases react to external and internal criticism. Councillors were also refused information when they sought clarification.

The main way in which NCC has sought to balance its budget since 2016/17 is to make use of the flexibility allowed by Government to use capital receipts for transformation purposes. Councillors were neither clear nor briefed on the rules and application of this funding source.

# Accountability: Good Practice and Poor

## Good Practice

**Implement good practices in transparency** - Public sector organisations should be open and accessible to its various stakeholders.

**Implementing good practices in reporting** - Reports should be written and communicated in an open and understandable style appropriate to the intended audience.

**Assurance and effective accountability** -Public sector entities are subject to standards statutes, regulations, governance codes, and statements of best practice—and must have effective arrangements for demonstrating adherence to them.

## Poor Practice (NCC)

There was a severe lack of accountability for the non-delivery of savings and that non-delivery is manifested with budgets being reinstated without any attempt to explain why the saving was not achieved.

Matters that the Audit Committee had wanted reports on had on occasions took many months to compile, and the audit committee needed to be persistent in their requests.

There are a number of areas where the relationship with LGSS (Local Government Shared Services) at best confuses accountability and at worst prevents it. No clear line of sight for accountability

Audit functions needed to be more effective – valued for assurance and improvements

Lack of compliance with financial procedures

CMB not working as a collective group on the financial position

# Workshop

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How can Members gain assurance over the Council's culture and values?

What do you need to see?

What questions could you be asking?

# LCC Culture: Values and Behaviours

The council has adopted a number of important values and behaviours which apply to all who work for the council.

Professional

Respectful

Resourceful

Reflective

Conduct at Meetings

Induction for new members and staff on standard of behaviours

Effective Audit Committee

Effective Audit Functions

Codes of Conduct

Whistleblowing

Effective Scrutiny

Lessons Learnt - complaints acted upon

Legal advice welcomed

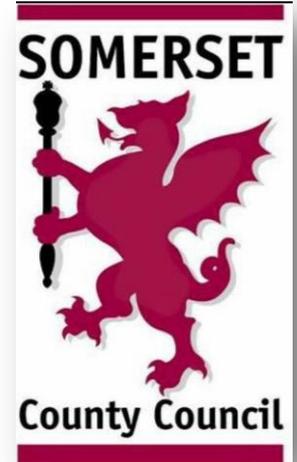
**Do we live and breathe our values and behaviours?**

# Improvement Areas

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- Outcome of Governance Review – Phase 2. Report should be published for the March 2019 Audit Committee
- Has the changes in scrutiny made a difference?
- Financial Procedures – clearer lines of accountability

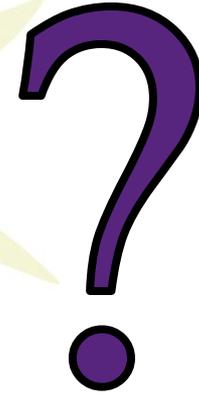
# Councils under financial strain



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Thank you  
Any Questions



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Audit and OSMB Committee Workshop  
Feedback

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19th December 2018

## Context

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The aim of the workshop was to look at Northamptonshire County Council and identify what went wrong to assess if it could happen here!

The 3 areas of focus;



The results of discussions are provided below if the rest of the paper.

## Financial Resilience – feedback from Members

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### **Risk Appetites**

A better understanding of the councils risk appetites and the sharing of reports which are circulated to CMB.

### **Member training**

Training for members in terms of scrutiny and finance as some members feel they don't have the relevant skills to fully understand certain elements such as information contained within the financial reports. Also additional training to better equip members to ask the right questions and challenge effectively and confidence training for new members to enable them to contribute effectively

### **Financial Reporting**

Regular reporting to each of the scrutiny committees to enable a better review process. In addition to the regular reports a simplified committee paper reporting process and expenditure review would provide members with a better understanding of the financial reporting with a regular reporting on the level of reserves.

### **Financial ratios**

Including CIPFA's financial ratios within committee papers to provide members with key indicators concerning the financial stability of the council.

<b>Capital Programming</b>	Capital programming reporting is not as it should be so this is an area finance are currently working on.
<b>Capital Receipts</b>	Improved reporting the use of capital receipts for transformation projects.
<b>Financial Procedures</b>	Finance are currently reviewing and updating financial procedures.
<b>Capital Strategy</b>	Finance are currently developing a capital strategy to aid in the decision making process.
<b>Budget for 2020 onwards</b>	Finance are now focusing on and planning budgets for 2020 onwards

## Culture and Accountability

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### **Good Governance**

The fundamental function of good governance in the public sector is to ensure that organisations' achieve their intended outcomes while acting in the public interest at all times.

Interim chief executive is looking at ways we can improve accountability and ownership – having a clear line of sight.

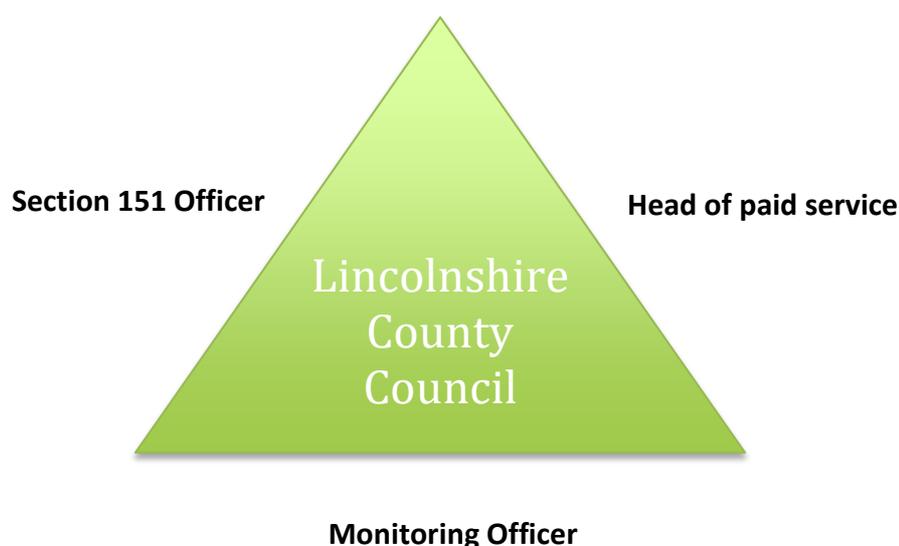
Governance Review – culture and ethics underway.

Ran out of time – so didn't have group work on Governance and Accountability

## The Golden Triangle

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The key to any public sector organisation maintaining good governance is how effective their statutory officers are and how they put the public's interest at the forefront of decision making.



## Regulatory and Other Committee

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

Report to:	<b>Audit Committee</b>
Date:	<b>28 January 2019</b>
Subject:	<b>Work Plan</b>

#### Summary:

This report provides the Committee with information on the core assurance activities currently scheduled for the 2018/19 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 2019
2. Consider the actions identified in the Action Plan

#### Background

1. The work plan has been compiled based on the core assurance activities of the Committee as set out in its terms of reference and best practice.

#### Workshop with Overview and Scrutiny Management Board (OSMB)

2. We held a workshop on the 19<sup>th</sup> December 2018 with the OSMB – looking at any lessons we could learn from Northamptonshire CC's Best Value Inspection Report. The workshop was very well attended and we had good engagement between members. There may be some items of interest for the Audit Committee following this work.

#### Review of Effectiveness – Training and Development

3. Each year we undertake a review of the Committee's effectiveness. We propose to run a workshop on the 17<sup>th</sup> June (pm) – after the formal meeting.

## Action Plan

4. Appendix B – keeps track of actions agreed by the Committee. The following actions remain outstanding:

**Recruitment of Independent Member** We have 7 candidates with further interviews planned on the 12<sup>th</sup> February 2019. You should therefore have new members joining the Committee at your March 2019 meeting.

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**Clarity and Impact of reports** A protocol is still to be developed. This is to help clarify the role of the Audit Committee to Officers – ensuring that reports are written in a way that meets your needs.

## Conclusion

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

## Consultation

### a) Have Risks and Impact Analysis been carried out?

No

### b) Risks and Impact Analysis

Any changes to services, policies and projects are subject to an Equality Impact Analysis. The considerations of the contents and subsequent decisions are all taken with regard to existing policies.

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Work plan
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](mailto:lucy.pledge@lincolnshire.gov.uk) .

## Appendix A – Audit Committee Work Plan 2018/19

Audit Committee Work Plan – 2018/19		
28 <sup>th</sup> January 2019	Assurances Required/Being Sought	Relevancy – Terms of Reference
Corporate Management Board – Combined Assurance Status Reports	<p>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 and the Annual Governance Statement.</p> <p>Seeking assurance that they are working well and that any significant risk and issues are being actively managed.</p>	<p>To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice</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 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice</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>
External Audit Progress Report	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.	To comment on the scope and depth of external audit work and to ensure it gives value for money
Internal Audit Progress Report	Gain an understanding of the level of assurances being provided by the Head of Internal Audit over the Council's governance, risk and internal control arrangements and why.	<p>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:</p> <p>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.</p> <p>b) Regular reports on the results of the Quality Assurance and Improvement Programme.</p> <p>c) Reports on instances where the internal audit function does not conform to the Public Sector</p>

**Audit Committee Work Plan – 2018/19**

28 <sup>th</sup> January 2019	Assurances Required/Being Sought	Relevancy – Terms of Reference
		<p>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.</p> <p>To consider summaries of specific internal audit reports as requested.</p>
Strategic Risk Register - Update	<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 no big surprises for the Council where it suffered significant financial loss or reputational damage.</p>	To monitor the effective development and operation of risk management in the Council and
Good Governance - lessons Learned from Northamptonshire County Council	To provide assurance that the Council has fully considered the lessons learnt following the publication of Northamptonshire County Council Best Value Inspection Report.	To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice

## Audit Committee Work Plan – 2018/19

### Future Meetings

25 March 2019	17 June 2019	22 July 2019
Internal Audit Progress Report	Internal Audit Progress Report	Approval of Audit Committee Annual Report
External Audit – Strategy / Plan	External Audit Progress Report	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 2018/19
Draft Internal Audit Annual Plan 2019/20	Draft Audit Committee Annual Report	Approval of Audit Committee Annual Report
Draft External Audit Annual Plan 2019/20	Head of Internal Audit Annual Report	Final Statement of Accounts for Lincolnshire County Council for the year ended 31 March 2019
Draft Annual Governance Statement 2019	Approval of Annual Governance Statement	
Draft Counter Fraud Annual Plan 2019/20	External Audit Grant Certification Report	
International Audit Standards on the risks associated with the impact of potential fraud and error on the Financial Statements	Scrutiny of the Draft Statement of Accounts	
Review and approval of financial procedures – Risk and Audit	Review of Audit Committees Terms of Reference and update of the Audit Charter	
Review of Audit Committees Terms of Reference and update of the Audit Charter		

23 September 2019		
Internal Audit Progress Report		
External Audit Progress Report		
Update on strategic risk register		
Report on the Counter Fraud Risks Register		

## Appendix B

Audit Committee Action Plan 2018/19			
Action	Terms of Reference Outcome	Key Delivery Activities	When
1. Clarify who should attend the Audit Committee and expectations on the information being presented.	<p>Ensure that relevant and focussed reports are presented. Provide more certainty that assurance is relevant and reliable</p> <p>Promote constructive challenge during meetings</p> <p>Strengthen accountability arrangements and the effectiveness of the Audit Committee</p>	Develop reporting protocol	<p>May 2018</p> <p>Revised to March 2019</p>
2. Develop Action plan following self-assessment workshop considering the following:	Improve effectiveness of the committee	Work with Councillor Development Group to develop a person spec with key attributes for people on an Audit Committee	Completed
		New Committee members appointed – work with new Committee to draw up a training and development plan.	Briefing on Counter Fraud – September meeting
		Recruit an additional 'independent' member	Agreement received – recruitment to start
		Deliver risk management training and awareness for members and staff.	Delivered

### Audit Committee Action Plan 2018/19

		Ensure that there is a private meeting with External Auditor at least once a year.	Agreed. <b>Next one will take place in March 2019</b>
		End of meeting debrief / lunch	Chairman to arrange as required
		Briefing / update on key risks between meetings	Noted
		Arrange meeting with CMB	Completed – informal meeting agreed Chairman – January 2019
3. A report be brought back to the Committee on the general learning points around what happened in Northamptonshire, including the role of the Audit Committee	Improve effectiveness of the committee		<b>January 2019</b>