



Public Sector Auditing.... Private Sector Thinking

Internal Audit Progress Report



Date: July 2015

Contents

	Page
Introduction	3
Internal Audit work completed in the period 1st June 2015 to 14th July 2015	3-6
Other Work	6
Other Matters of Interest	6-7
Appendices	
Appendix 1 – Assurance Definitions	8
Appendix 2 – Executive Summaries – Major Improvement needed	9-14
Appendix 3 – Executive Summaries – Central Lincolnshire Local Plan	15-21
Appendix 4 – Outstanding actions at 30 June 2015	22

Contact Details:
Lucy Pledge CMIIA
Audit & Risk Manager



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

Introduction

1. The purpose of this report is to:
 - Provide members with timely details of the final audit reports issued between 31 May 2015 and 10th July 2015
 - Raise any other matters that may be relevant to the Audit Committee role

Internal Audit work completed in the period 31 May to 10 July 2015

2. Agresso Project – given the nature and volume of issues arising post implementation we have been unable to carry out our usual key financial control testing. We plan to pick this up from October 2015 onwards with a systems based focus on Payroll and Creditors and key control testing in all other areas. We have completed 2 school audits so far in 2015/16 but future audits will now be problematic until there is more reliability and access within Agresso – we shall be working with the LCC leads to ensure these restrictions are resolved by the new academic year.
3. In the interim we have assigned additional audit staff and are working jointly with LCC leads to identify potential anomalies and system issues, through the use, for example, of data analytics – our current focus is on duplicate payments.
4. Currently there are significant issues with the Council's financial control environment following the implementation of Agresso – this is caused by the post implementation system issues and the lack of visibility. We are minimising the impact of these issues as much as possible by our joint working arrangements / increased involvement. We plan to carry out a comprehensive evaluation with the Project Lead and report to the Audit Committee meeting planned for September.
5. The following audit work has been completed and a final report issued:

Effective	Some Improvement Required	Major Improvement Required	Inadequate
<ul style="list-style-type: none"> ■ Central Lincolnshire Local Plan ■ Transfer of the Pension Fund Administration 	<ul style="list-style-type: none"> ■ Safeguarding Adults ■ Strategic Property Management 	<ul style="list-style-type: none"> ■ Joint Commissioning Board ■ Incendi Fire and Rescue Trading Company 	<ul style="list-style-type: none"> ■ None

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.

6. Below is a summary of the areas where we gave the audit opinion of 'Some Improvement Required' or 'Effective':

Central Lincolnshire Local Plan – Effective

The purpose of this comprehensive audit was to provide assurance to all members of the partnership on multiple areas of plan production. Our scope included:

- Governance arrangements of the partnership
- Project management of the Local Plan
- Staffing and resources adequacy – now and in future years
- Contract management of external planning experts
- Quality assurance processes over the evidence base
- Stakeholder engagement and consultation
- Financial management and sustainability of the partnership

We confirmed the partners, local plan team and committee members are committed to producing a simple, effective plan for adoption in 2016. We covered all areas outlined in the scope and are pleased to report that the Local Plan project is on track and we assess current arrangements as effective for maximising the chance of producing an adoptable Local Plan by 2016.

As this audit covers a high profile area, for member information, we have included the full executive summary at appendix 3

Transfer of Pension Fund Administration – Effective

The transfer of Pensions Administration to West Yorkshire Pension Fund was effectively monitored and managed by the collaboration and project boards. There were regular meetings to review the associated risks and progress actions and issues throughout the project. We also noted periodic updates to the Council's Pensions Committee.

We confirmed from the reconciliation of control totals that the expected number of records extracted from the old system balanced correctly to those uploaded to the new system. We also verified that the scanned and imaged documents were correctly transferred to the relevant pension records and that pensioner payroll standing data is complete.

Our testing identified some data that was not present in the new system after transfer; however we have received assurance from the new provider that this issue is not significant and will not have any detrimental effect when calculating member benefits. The Pensions and Treasury Manager agrees the explanations provided by West Yorkshire Pension Fund on this issue are valid.

The results of WYPF's own testing together with our sample tests, provides reasonable assurance over the data transfer and confidence in the continued accuracy of the Council's pension records.

Safeguarding Adults – Some Improvement Needed

Our review aimed to provide assurance that appropriate systems, processes and procedures are in place to help safeguard all vulnerable adults.

We found that Safeguarding Adults is supported by an effective Strategic Safeguarding Adults Board, with a Memorandum of Understanding which clearly defines the Governance and Accountability Arrangements.

We can also place reliance on the implementation of the actions arising from the Peer Challenge Review and Management Review of the Domestic Homicide Review process. The results of which have assisted in preparing the Local Safeguarding Adults Board (LSAB) to meet the statutory requirements of the Care Act 2014. This also demonstrates a proactive approach to organisation learning and development and a willingness to improve systems and processes where necessary to ultimately keep all vulnerable adults safe.

The service also introduced and implemented Quality Practice Standards in October 2014 which outlines the standards by which all adult safeguarding cases are to be measured, and the process for undertaking audits of safeguarding practice and compliance with procedures. Internal Quality Assurance checks during 2014 against these standards have been very positive. However, the introduction of the Care Act in April 2015 has resulted in new mandatory criteria being applied, and these Quality Practice Standards are now not compliant.

The Safeguarding process within the new Care Management System (Mosaic) has been configured to ensure Care Act compliance, however the delay in implementing the new system has increased the risk of post April investigations not complying with the new criteria. Initial examination of new cases has confirmed areas of non-compliance. However, as the implementation of the system is imminent, the risk is known and accepted and post implementation procedures have been agreed, which will return any inappropriate referrals and hold the Designated Adult Safeguarding manager (DASM) to account.

We noted that the service is relying on inefficient manual spreadsheets for recording information, which are not stable documents and at risk of errors, delays or loss of data. These will continue to be used post implementation of the new system due to Department of Health (DOH) reporting requirements.

Strategic Property Management -- Some Improvement Needed

Our review focused on the LCC Property Strategy. As the Strategy is in its infancy and has yet to be formally approved the audit provides an overview of the potential strengths and weaknesses of the new strategy and its application in the management of significant projects.

A new Property Strategy covering the years 2015 to 2018 has been developed and is in the process of being finalised. Once finalised it will reflect current corporate objectives, improve accessibility to officers and partners, and focus

the Corporate Property service on delivering outcomes in line with the Council's organisational structure.

Further work is required in order to effectively manage actions which underpin the delivery of objectives set out in the strategy. There are two key areas where processes could be strengthened, which are improving the links between key performance indicators, strategic objectives and the relevant commissioning strategies and developing a risk register.

7. Audits with assurance opinions **requiring major improvement** are reported in detail at appendix 2 of this report.
8. Progress with the implementation of agreed management action can be found at Appendix 4.

Other Work

9. Children's Services commissioned an audit investigation into the delivery of the School Improvement Service, specifically associated with special schools. We identified a number of areas where the school improvement service was deficient and Children's Services, through their contract management arrangements, agreed a comprehensive action plan with CfBT to rectify the issues.

Children's Services have recently commissioned an audit of the revised school improvement arrangements to ensure these are embedded across all education settings and to provide assurances throughout the remaining contract period. This audit has just started and the outcome will be reported to the next Audit Committee.

Other Matters of Interest

10. Grant Thornton – Local Government Governance Review 2015: All aboard

This is Grant Thornton's fourth annual review into local authority governance and aims to assist senior management and elected members of councils, fire & rescue authorities and police bodies to assess the strength of their governance arrangements and to prepare for the challenges ahead.

Focusing on three particular aspects of engagement – within the organisation, with partners and with the public – the key messages from the report are:

- while more than 90% of survey respondents felt their organisations encouraged well-managed risk taking and innovation, 43% felt scrutiny committees were not challenging enough about the way authorities do things
- 84% of respondents said their organisations are now using or considering alternative delivery models but only 45% feel that scrutiny of service quality is sufficiently challenging

- 49% said the transition to police and crime commissioners has not had a positive impact on local partnership working arrangements, while 42% saw no difference in local healthcare governance as a result of councils' new public health role
- annual accounts and annual governance statement continue to expand in length, making them even more challenging for the public to read and understand
- only 30% of cabinet positions in local authorities are held by women, while over half our survey say members do not adequately reflect the demographic profile of the local population

Alongside the research findings, the report highlights examples of good practice and also poses a number of questions for management and members, to help them assess the strength of their current governance arrangements. For the full report please follow the link:

[Grant Thornton - Local Government Governance review 2015: All aboard](#)

Appendix 1 - Assurance Definitions¹

<p>Effective</p>	<p>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.</p> <p>The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.</p> <p>As a guide there are a few low risk / priority actions arising from the review.</p>
<p>Some improvement needed</p>	<p>Our critical review or assessment on the activity gives us a reasonable level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>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. A few specific control or risk issues identified.</p> <p>As a guide there are low to medium risk / priority actions arising from the review.</p>
<p>Major improvement needed</p>	<p>Our critical review or assessment on the activity identified numerous concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>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.</p> <p>As a guide there are numerous medium and a few high risk / priority actions arising from the review.</p> <p>Our work did not identify system failures that could result in any of the following:</p> <ul style="list-style-type: none"> - damage to the Council's reputation - material financial loss - adverse impact on members of the public - failure to comply with legal requirements
<p>Inadequate</p>	<p>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.</p> <p>Our work identified system failures that could result in any of the following:</p> <ul style="list-style-type: none"> - damage to the Council's reputation - material financial loss - adverse impact on members of the public - failure to comply with legal requirements <p>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.</p> <p>As a guide there are a large number of high risks / priority actions arising from the review.</p>

¹ These definitions are used as a means of measuring or judging the results and impact of matters identified in the audit. The assurance opinion is based on information and evidence which came to our attention during the audit. Our work cannot provide absolute assurance that material errors, loss or fraud do not exist.

Appendix 2 – Executive Summaries of Audits advising of Major Improvement needed

Joint Commissioning Board

Introduction and Scope

Joint commissioning arrangements have been in place for many years. Such arrangements as existed prior to 2013 were typically specific to a particular agreement – often a 'Section 75' agreement - in which a formal pooled budget or transfer of functions existed between health and social care and which required a governance structure.

By the end of 2013 Lincolnshire Health and Care (LHAC) and the Better Care Fund (BCF), then called the Integration Transformation Fund were two specific influences that required a greater degree of joint organisational structures across health and care organisations. Without a joint commissioning infrastructure the operation and oversight of key activities would be disjointed and ultimately dysfunctional.

This infrastructure seeks to make operational sense of a mixed set of influences that derive from either national (BCF) or local initiatives (LHAC). It is also a critical vehicle for managing working relationships across a large number of organisations.


Internal Audit has carried out a review to give you independent assurance around the structures and processes in place for Governance, Accountability and Decision Making Arrangements for the Joint Commissioning Arrangements of Health and Social Care. The overall objective of this audit is to provide management with assurance in the following areas:

- Governance, Accountability and Decision Making arrangements of the Joint Commissioning Board and Delivery Boards.
- Collaborative, Partnership and Multi Agency working arrangements.

The review has been undertaken jointly by Audit Lincolnshire and PWC, the Internal Auditor for all four Lincolnshire CCGs. As part of our review we met PWC internal auditors to discuss the planned scope of their related review. We continued to meet them at least monthly, with specific discussions before and after each Joint Commissioning Board (JCB) meeting. We discussed findings during the fieldwork and shared high level findings to enable an appropriate level of consistency between this report and the CCGs Internal Audit report.

The approach to this review was to meet with LCC Directors and the Chief Finance Officer (CFO) from each Lincolnshire CCG to understand their knowledge of the JCB. We also reviewed the JCB's governance documents and planned to attend a JCB meeting.

Executive Summary

Report classification	Trend	Total number of findings					
		Critical	High	Medium	Low	Advisory	
 High Risk	Direction of travel is not possible to assess as there is no comparative prior year review	Control design	-	1	2	2	-
		Operating effectiveness	-	1	1	-	1
		Total	-	2	3	2	1

Headlines / summary of findings:

The JCB evolved from an informal set of meetings between the CCG cluster and Lincolnshire County Council (LCC). The JCB became a formal board in December 2014. The remit of this Board is to significantly increase following the introduction of the Better Care Fund from 1st April 2015.

We noted significant governance, accountability and decision making issues in our observation of the JCB in February 2015. Prior to, and during this meeting, a number of key issues were identified. These included:

1. Draft Terms of Reference were not yet formally approved (we received updated ToR in April 2015, and at time of writing, these are verbally confirmed as 'final'. We can also see ToR were discussed, but not formally noted as approved in the December JCB minutes);
2. The CFOs did not have a detailed understanding of the JCB processes, roles and responsibilities; and
3. The meeting was informally managed – with verbal updates, no risk register, no action tracking and an unclear decision making process.

These issues could be viewed as a reflection of the fact that the JCB started out as an informal meeting between the CCGs and the Local Authority. The February 2015 JCB meeting clearly showed that the transition to a formally managed board was not complete.

These initial findings were fed back to the JCB Chair and to CFOs straight after the meeting. We then agreed to present the findings and proposed actions informally at the start of the March 2015 JCB meeting. We extended the scope of this review to observe that meeting, to assess the extent to which improvement had been put into place. The review was also extended to attend the Pro-active Care board meeting, Women and Children's Joint Delivery Board Meeting and the Specialist Services Joint Delivery Board meeting in March 2015. This helped to understand how the Delivery Boards feed into the JCB.

We observed significant improvements in the March 2015 JCB meeting – with a number of key actions noted in this report already started. For example, the meeting remained focused on strategic matters and efforts were made to drive overall agreement on key issues before moving forwards.

We were requested to speak with the LHAC Project Management Office (PMO) team

during the review – to enable PMO to support the JCB, including over the initial findings of this review. This is expected to further formalise the JCB's activities, including better management of actions required and decision making processes that the JCB supports. Given the material impact that the JCB has on all four CCGs and the Local Authority in 2015, this report has a high risk status. There are a number of actions that are still needed to address the issues noted.

Management Response

We welcome this report and its recommendations. As the report covers a joint arrangement with colleagues in the NHS, and as there is a companion report to the four Lincolnshire Clinical Commissioning Groups from their internal auditor, we believe that creating a joint action plan through the JCB itself would be the right way forward. This is scheduled on the agenda for the meeting on 28th July 2015. Once complete the action plan will be passed to the Lincolnshire Health and Wellbeing Board for approval.

Incendi – Fire and Rescue Trading Company

Introduction and Scope

The Council has established a fire trading company (Incendi Limited) with the aim of generating additional income from public and private sector clients through the provision of training and other services. This additional income is intended to offset the impact of future funding reductions for Lincolnshire Fire and Rescue.

It was originally anticipated that the company would be in place and commence trading by April 2014 but for various reasons commencement to trade was delayed. The company has been officially registered and began trading in October 2014.

Uncertainty, unexpected difficulties or delays are inevitable in the early years of trade. As can often be the case with new start-ups, the company's business model has anticipated higher levels of turnover and operating profit than that which will be actually achieved. This has been recognised by management which is reassessing the business model.

We reviewed the following areas to provide management with independent assurance that the business has been set up on a sound footing and that the arrangements in place put it in a good position to successfully trade. As Incendi has only recently begun to trade, the audit provides an overview of the governance arrangements and business processes of the company rather than focussing on detailed trading activities.

In conducting the review we looked at the following areas:

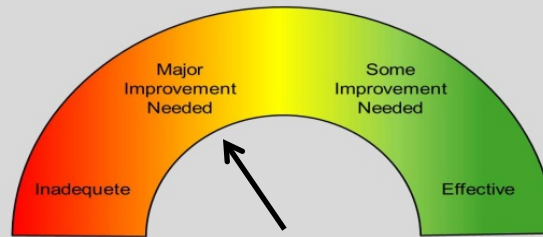
- Governance arrangements:
 - Legal set up of the company
 - Approval
 - Organisational structure
 - Performance monitoring and reporting
 - Insurance arrangements

- Business strategy:
 - Business case/plans
 - Marketing strategy
 - Financial planning
 - Compliance with state aid regulations
 - Charging policy / recharges

Executive Summary

Assurance Opinion

Major Improvement Needed



Our audit has identified that major improvement is required to the company's governance and business planning arrangements. The business model adopted by the company may prove to be overly optimistic although we acknowledge that the company's management are reviewing the model and assumptions.

The company is still in its infancy but would gain immediate benefit from developing and improving its processes through:

- Implementing a more formal approach to business planning
- Strengthening of existing governance arrangements through the development and adoption a Scheme of Authorisation
- Developing Key Performance Indicators which succinctly summarise performance in all significant areas
- Taking out Directors and Officers Indemnity insurance
- Addressing issues relating to financial management including cost identification and agreement of a schedule of charges from the Fire Service

Unless addressed at this early stage these issues when taken together may prejudice the successful future operation and profitability of the company.

We also noted a number of points of good practice during the review:

- With the approval of Members, the company has been registered at Companies House in order to undertake relevant trading activities
- An organisational structure has been produced which is appropriate to the immediate circumstances of the company. Key officers of the company include two senior Fire Officers and 2 Councillors of the Council
- A financial plan has been produced for the period to 31st March 2015 and budget monitoring is taking place
- The restrictions relating to state aid have been recognised and arrangements have been put in place to avoid contravention of these regulations

Direction of Travel



No Change / Stable

We have not reviewed this system before.

We found processes could be strengthened developing formally documented business and marketing strategies in order to encourage a clear approach to business planning:

- A formally documented business plan has not been produced either for the current or ensuing years. The production of an annual business plan is a requirement of the member's agreement with the company. The production of an annual plan based upon the development of a medium term plan covering a period of 3-5 years would encourage a logical approach to business planning, ensure the company's ongoing viability and provide context and direction to guide service delivery.
- Possible marketing channels have been discussed at Board Meetings but a formal marketing strategy has not been produced. A formal marketing strategy would stimulate a more focussed approach to identifying marketing opportunities and directing marketing effort.

Other areas where processes could be improved include:

- The company has not developed a Scheme of Authorisation. Such a scheme would guide the company and officers to work in a manner consistent with that of the Council which is the sole shareholder.
- Key Performance Indicators have not been developed to succinctly summarise performance. At present activity (eg quotes raised, accepted, delivered) is reported as narrative at the company's quarterly Directors meetings. The development of performance indicators with targets for areas critical to the success of the business would allow for a more focussed appraisal of performance and highlight areas of performance where improvement is required.
- The company has its own insurance policies in place to cover Public Liability, Professional Negligence and Business Travel but has not taken out Directors and Officers Indemnity insurance. This cover would cover the cost of compensation claims made against the business's directors and key managers (officers) for alleged wrongful acts including breach of trust, breach of duty, neglect and error.
- At present there appears to be difficulty in separating out all the costs incurred by the Fire Service on behalf of Incendi. Budget monitoring reports presented to the Incendi Board may overstate net income.
- The Fire Service has not agreed a schedule of charges that it will make to Incendi for the use of the service's assets including the Fire Service brand, although we acknowledge that at the time that our audit was conducted the basis of charging was being reviewed including reconsideration of the basis used for apportioning costs. A schedule of charges, calculated on an appropriate basis reflecting usage, will provide transparency and help ensure that the Fire Service is not subsidising Incendi.

Management Actions	No	All to be completed by:
High Priority	5	30 th September 2015
Medium Priority	2	30 th September 2015

Appendix 3 – Executive Summary of Central Lincolnshire Local Plan Audit

Background

The National Planning Policy Framework (2012) requires all planning authorities to produce a Local Plan.

The aim of the Local Plan is to prepare plans and policies that help create places that are sustainable and attractive to live in. The Local Plan should work together with other plans and policies, such as economic, housing and environmental strategies.

In 2009 the Lincolnshire district councils of West Lindsey and North Kesteven, the City of Lincoln Council and Lincolnshire County Council formed a joint planning authority, known as the Central Lincolnshire Joint Strategic Planning Committee (CLJSPC). This became statute through an order by the Secretary of State.

The purpose of the CLJSPC formation was to produce a Local Plan for Central Lincolnshire, so a team of planning staff was formed, known as the Joint Planning Unit (JPU). The JPU were tasked with producing a form of Local Plan, known as a Core Strategy.

The Core Strategy was produced and submitted for an 'Examination in Public' by the planning inspectorate in October 2013, with a hearing scheduled for February 2014. The Inspector identified some early key concerns with the Core Strategy and highlighted these to the CLJSPC along with various options to take this forward. Options included withdrawal of the Core Strategy for further work. This option was chosen and the Core Strategy withdrawn in December 2013. In January 2014 the CLJSPC agreed to a revised project plan to produce a Local Plan for adoption in 2016.

At the time the JPU was also being restructured and became the Local Plan Team. Voluntary redundancies and further resignation of staff resulted in vacancies in the new structure, including the post of Local Plans Team Manager.

The Planning Team at Peterborough City Council approached Central Lincolnshire to offer their services to support producing the Local Plan. The PCC planning team's experience and track record of producing local plans were considered as a benefit to Lincolnshire in taking the Local Plan forward and it was agreed that the vacancies within the Local Plans Team would be filled through an agreement with PCC. This was to be further supported by management and staff contributions from each of the partners.

Introduction and Scope

The Local Plan was highlighted as high risk during our assurance mapping exercise, as such being an area where members and management sought assurance.

Our audit has combined the resources of three of the partners to ensure joined up coverage and reporting; however we have also included the fourth partner in all stages of the audit.

Our scope sought to provide assurance that the revised approach to producing the Local Plan maximises the chance of delivering an adoptable Local Plan in 2016. We covered a broad range of the governance, risk and control elements, including:

- Governance arrangements of the partnership
- Project management of the Local Plan
- Staffing and resources adequacy – now and in future years
- Contract management of external planning experts
- Quality assurance processes over the evidence base
- Stakeholder engagement and consultation
- Financial management and sustainability of the partnership

We are not providing assurance on the technical quality or adequacy of evidence or the local plan contents as this assessment would need an independent planning professional's input. Assurance on this is provided by Management through effective Governance and Project Management arrangements.

Our Approach

Due to the broad nature of the scope the audit was completed in phases between September 2014 and February 2015.

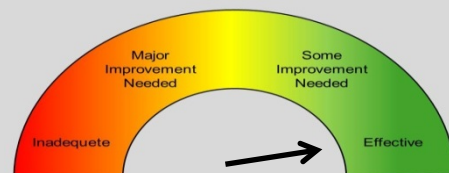
We produced two highlight reports during this period to ensure timely updates on progress, findings and recommendations and allow management to take swift action.

This final audit report covers all areas of the review including previously reported findings and recommendations - where these have been implemented we have provided details on actions taken.

Executive Summary

Assurance Opinion

Effective



Our review found that producing the Central Lincolnshire Local Plan is both high profile and complex with multiple strategic risks and interdependencies. The partners, local plan team and committee members are committed to producing a simple, effective plan for adoption in 2016. We covered all areas outlined in the scope in detail and are pleased to report that the Local Plan project is on track and we assess current arrangements as effective for maximising the chance of producing an adoptable Local Plan by 2016.

The Local Plan Team have identified some key risks effecting production of the Local Plan, these are:

- Lack of 5 year specific deliverable housing land supply
- Non delivery of highways and other key pieces of infrastructure

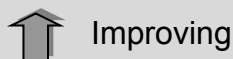
Whilst these cannot be removed we can confirm these are being tracked and managed through a formal risk management process

Our High level findings are:

- Governance arrangements are in place and effective in directing and controlling production of the Local Plan
- Delivery is project managed to ensure clear planning and monitoring of key tasks and milestones
- Risks and issues are identified, recorded and monitored regularly ensuring understanding and management of key risks
- An inclusive approach has allowed for a wide range of stakeholders and communication channels to be identified
- Consultation to date has been planned, well executed and feedback shared therefore allowing the team to demonstrate effective public consultation
- All evidence requirements have been identified, are tracked and subject to quality assurance reviews which maximises the chance of evidence being adequate to support the Local Plan
- The Local Plan budget is well managed and the medium term financial plan shows a healthy financial position, demonstrating financial sustainability over the next few years
- The local plan team is co-sourced which allows for flexibility and access to a wide range of skills and experience in local plan production

The partnership has a Service Level Agreement with Peterborough City Council for support in delivering the local plan, which is working well.

Direction of Travel



We previously assessed the work of the Joint Planning Unit in 2012. We could only provide limited assurance over plan production due to concerns over capacity to deliver the required evidence to support the plan in the timescales. We can now provide a much higher level of assurance over delivery arrangements for the Local Plan.

Governance Arrangements

Our review of governance took place in September 2014. This confirmed an appropriate structure is in place to manage delivery of the local plan, partners are equally represented and meetings are regular and effective in managing the programme. We established that roles and responsibilities are defined in the Memorandum of understanding and Terms of Reference and there through

observation at meeting and review of minutes we evidenced these are followed in the approval of key decisions.

There is a Local Development Scheme in place which provides a timetable for delivery of the local plan in compliance with legislation, which is supported by a more detailed project plan. Delivery against these is monitored and reported on a regular basis throughout the governance structure. We also reviewed a sample of Information presented to key governance groups, which we assessed as reliable complete and accurate therefore supporting consideration of options and decision making.

We made some recommendations for improvement in our first highlight report, most significantly on the effective operation of the Coordination of Delivery Group (CoD), whose purpose is to support the delivery of the strategy for growth in Central Lincolnshire. We confirmed the CLSG's concerns regarding the effectiveness of this group and confirmed the need for it to operate at a more strategic level. The CoD Group met and discussed this in November 2014 and agreed to revise terms of reference, to include recommendations on attendees at the meeting. Management update on action to improve effectiveness includes agreeing revised terms of reference for the group. Management confirmed appropriate attendance and told us the Investment (Open for Growth) Peer Review made positive comments about the role and purpose of the group.

Project Management

We considered the Local Plan from a project management perspective in September 2014 and were able to confirm that a master programme document is being maintained and is regularly reported to the Head of Planning and CLSG. This allows them to identify any deviances and take corrective action as necessary. The plan also highlights interdependencies ensuring clarity on the bigger picture and the wider impact on the Local Plan. The local plan team are experienced in project management and the Team Manager has led several previous local plans successfully through inspection to adoption.

The team can demonstrate management of strategic risks to help minimise the impact on delivery, should they materialise. These are captured in a project risk register which is monitored and reported to the CLSG monthly.

We also considered lessons learnt from the Core Strategy examination, i.e. the issues that caused concern for the inspector and led to the withdrawal of the strategy. We confirmed actions are being taken to address these.

We identified some areas for improvement in relation to housing land supply and project management processes which we reported in our first highlight report in November 2014. Follow up confirmed that the risk of not having a 5 year housing land supply has been added to the strategic risk register which will ensure there is regular formal and transparent monitoring and reporting on this risk and the progress made in managing it. We can also report that the Local Plan Manager has been allocated the programme manager role so provides a central co-

ordination of information. He now produces a monthly progress report to CLSG, includes both issues and change logs as per our suggested improvements.

Quality assurance over the evidence base

The National Planning Policy Framework states 'Each local planning authority should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area.' The framework requires a 'proportionate' approach to the evidence base, but is not prescriptive.

The Local Plan Team has adopted a simple approach to evidence, with the style being enough to inform and support the plan, along with clear links to the plan for all pieces of evidence and nothing more. This aims to make the examination process a lot easier for the inspector.

We found that evidence requirements on which to base the plan have been identified and a master list is maintained which includes status of the evidence and details of the officer responsible for producing it. This list is included in the progress report to CLSG which allows monthly monitoring and for any corrective action to be taken promptly.

The Local Plan Manager has a process in place for review of all complete evidence to verify quality. This has a focus on methodology, data and conclusions. When necessary the Heads of Planning or Steering Group are involved in this process, especially if a decision is needed.

We also confirmed that complete evidence is published on the Central Lincolnshire planning website which ensures transparency and maximises the information available to stakeholders.

Stakeholder Engagement and Consultation

We undertook our review of this area during October and November 2014. Our assessment of stakeholder identification and communication found that a named lead for communication was in place and the key stakeholders and various communication channels were identified in a workshop with the Central Lincolnshire Joint Strategic Planning Committee (CLJSPC) early in 2014. Outcomes were formalised into a community engagement strategy. This strategy identifies the key stakeholders we would expect, including Local Authorities, Councillors, Parish and Town Councils, Residents, and community groups. The strategy is supported by a Communications Plan which details stakeholders and also defines communication channels including face to face events, media, social media, targeted emails / letters, posters and newsletters.

The Local Plan Team has chosen a phased approach to consultation, planning three periods of public consultation at key points during production of the plan. We conducted our review between September and November 2014 to allow us to assess implementation of the phase one consultation plan and attend consultation events.

The purpose of this early consultation was to engage with stakeholders on policy choices and invite feedback to help inform and firm up policy as the plan develops.

With this purpose in mind we considered the length and timing of the consultation to be appropriate.

We assessed the information shared and whilst acknowledging that by its very nature the Local Plan is lengthy, we found it to be written in a simple way to improve understanding for residents and those without a planning background.

Our review also included feedback. We confirmed that all feedback was published on the website within a reasonable period ensuring transparency. The Local Plan Team has also produced and published a report summarising feedback and providing a response where possible demonstrating that it will be used to inform the Local Plan going forward.

Only minor recommendations resulted from our review, for which we agreed actions to address. These will be undertaken during the second round of consultation during the summer of 2015.

Financial Management and Sustainability

During December 2014 we reviewed the finances of the Local Plan Team, which has a 2014/15 income budget of £706,600 and planned expenditure of £624,900. We looked at management arrangements, budget setting, coding and budget monitoring, which we found to be effective. We also looked at budget reporting which we assess as effective in terms of management reporting; however we did recommend contingency arrangement for reporting to the CLJSPC should a meeting where a finance report is due be cancelled.

Budget setting includes a medium term plan covering 2014/15 to 2016/17. The plan shows a carry forward to reserves for 2014/15 and a balanced budget for the other two years. The reserves are healthy during this time period and we assess on this basis the partnership to be financially sustainable in the medium term.

We also confirmed that as responsible body, NKDC prepares and returns the annual accounts to the external auditor in the set format and within timescales.

Staffing and Resources

We confirmed that the local plan team has a formally approved structure which it has appointed too through a mix of directly employed staff and staff through the Service Level Agreement with Peterborough City Council. This approach allows the team to access additional resources when needed and select specific skills and experience from a wider pool of staff to better match to tasks. We identified that all planning staff are suitably qualified and are Chartered Members of the Royal Town Planning Institute. Their development needs are identified and monitored through regular one to one meetings and appraisal with the Local Plan Manager.

Senior Management changes at LCC and WLDC have had an impact on the local plan governance structure. We met with Senior Management at both partners to discuss the impact of these changes and how these are being managed. Management were able to provide details on structures in place to manage

governance and resource contributions in both the short and longer term thus providing assurance that this risk is being managed.

Taking all this into account we assess that current staffing arrangements are suitable and working in terms of delivering to current demand, whilst also having the flexibility to adapt resource levels provided by PCC should demand require it.

Contract Management

We reviewed the agreement with Peterborough City Council (PCC) for the provision of a Local Plan Manager and planning staff. We found this is defined through a Service Level Agreement (SLA), which covers the period, requirements, costs, reporting, monitoring and exit strategy. The SLA was agreed by partners and the committee.

Monitoring against the SLA is done monthly, with the Local Plan Manager producing a monthly contract progress report to the NKDC Head of Planning.

We identified that there have been no issues with poor performance regarding the contract and the local plan programme is on track. Management reported that the change of key personnel (due to a planner allocated to Central Lincolnshire leaving PCC) was managed seamlessly, which ensured there was no interruption to the service provided.

Management Response

The Audit Report provided a robust analysis of the current governance arrangements in place across the Central Lincolnshire Partnership.

Actions 1,2,3,4,5,6,10 have all been implemented.

Actions 7 & 8 will be actioned by the communications sub-group as they finalise the consultation approach for the preferred options consultation in September 2015. This group will include engagement with Cllr representatives from the parties in the Local Plan Partnership.

Action 9 will be actioned by the Local Plan team leader to ensure all evidence is fully available to support the September 2015 consultation activity.

Management Actions	No	All to be completed by:
High Priority	Two	Complete
Medium Priority	Six	30 th June 2015

Appendix 4 - Outstanding recommendations as at 30th June 2015 audits with Low, Limited, Inadequate or Major Improvement assurance

Audit Area	Date	Assurance	Recs	Implemented	Overdue		Not Due
					H	M	
Coroners	June 2014	Limited/ Substantial	52	48	3	1	0
Debtors	April 2014	Limited	11	6	2	3	0
Income	Jan 2014	Limited	8	6	0	2	0
MIMS System	June 2014	No	6	1	4	1	0
Information Governance	Mar 2015	Major Improvement	15	10	3	1	1
Corporate Landlord Project	Jan 2015	Major Improvement	10	0	3	7	0