Public Sector Auditing ….. Private Sector Thinking

Internal Audit Report to Audit Committee
Outstanding Audit Recommendations

Date: *November 2015*

Background

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

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

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

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

Process

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

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

Summary

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

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

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

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

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Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
For new starters in 2013/14 we calculated the IG training completion rate to be around 66%. The overall completion rate was reported to the ICO as being 50.5%, although subsequently the Council has said to the ICO that it cannot place reliance on this figure owing to data integrity concerns. We examined 9 recent information breaches and found that in 7 cases the line manager and Head of Service of the person responsible for the breach had not completed the IG training.	In conjunction with Learning and Development, and utilising the Agresso ERP application, a more accurate reporting mechanism to identify levels of compliance across mandatory information governance e-learning will be introduced. It will aim to: · Provide the SIRO accurate reporting on annual completion rates across information governance e-learning. · Provide managers accurate reporting on individual completion rates across information governance e-learning. · Provide the Information Commissioner's Office accurate organisational reporting across information governance e-learning, specifically Data Protection training.	30/04/2015	-	Work ongoing to finalise the interface between Agresso and Lincs2Learn platform.	Nov-15

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	· Evidence external compliance e.g. Public Services Network; HSCIC IG toolkit, on annual completion rates across information governance e-learning. · Increase compliance rates; increase knowledge; and reduce breaches which result from human error. In conjunction with People Services include the requirement to complete information governance e-learning as a standing item within the appraisal process. It will aim to: · Allow managers the ability to identify staff who have not completed the training with a view to escalating non-compliance. · Increase compliance rates.				

Finding	Agreed management action	Original date for completion	Previously estimated date for completion	Status	Current estimated date for completion.
It proved difficult to identify 3rd party processors due to a lack of awareness of these types of arrangements within the Council. Under the DPA all legal responsibility for compliance in these circumstances rests with the Council and the DPA therefore requires that a contract be in place between the Council and the 3rd party. For a number of data processors where contracts had been formally agreed, largely on the basis of contract value, these contracts contained detailed clauses specific to data security. However a number of less formal arrangements did not have signed agreements in place. Predominantly these were found to be independent chairs of such groups as safeguarding boards and foster/adoption panels. The remedial actions for a breach involving an independent chair of a foster panel did not include identifying whether contractual arrangements were in place for other	· Introduce at the very root of the data flow process a consistent approach to information governance requirements including: o A consistent information sharing agreement approach. o A consistent information governance statement in the standard terms and conditions of contracts. This will include Data Protection, Freedom of Information; Records Management and Information Security.	30/06/2015	31/08/2015	An information sharing agreement template has been produced to standardise and simplify the documenting. Still awaiting Legal for a suite of information governance terms and conditions for contracts which will be used as a reference point	Nov-15

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identifying whether contractual arrangements were in place for other independent chairs used in the authority.					
Management reports were produced for managers to identify staff yet to complete the training. These reports are no longer issued (as of October 2013). We understand that improved reporting arrangements will be in place for April 2015 when the new ERP goes live. The absence of reports has likely contributed to the low levels of IG training amongst Council staff, as they represented an easy means of establishing who had and had not completed training. Management now need to reinforce the need for staff to routinely undertake IG training. The ICO say that it is "vital that your staff understand the importance of protecting personal data; that they are familiar with your organisation's security policy; and that they put its security procedures into practice."	In conjunction with Learning and Development, and utilising the Agresso ERP application, a more accurate reporting mechanism to identify levels of compliance across mandatory information governance e-learning will be introduced. It will aim to: · Provide the SIRO accurate reporting on annual completion rates across information governance e-learning. · Provide managers accurate reporting on individual completion rates across information governance e-learning. · Provide the Information Commissioner's Office accurate organisational reporting across information governance e-learning, specifically Data Protection training.	30/04/2015	-	Work ongoing to finalise the interface between Agresso and Lincs2Learn platform.	Nov-15

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The level of completion for senior officers, from Chief Executive to	As above.	30/04/2015	-	Work ongoing to finalise the interface between Agresso and	Nov-15

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

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

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

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

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

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

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

Audit – Corporate Landlord Project	Report Date – 21/01/2015
Manager – Jane Mason	Assurance Received – Major Improvement Needed

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

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system outputs.					
Officers are not clear on what the Corporate Landlord project is, this was a view shared across officers who were interviewed. Different views were expressed as to what it is or staff stated it was not clear and never had been.

The lack of an inclusive governance structure, where staff could have discussed this has increased this lack of understanding and service wide approach. | See below | 30/04/2015 | - | This action has been implemented | |
| We found there has not been a clear governance structure in place to manage the project. In line with corporate policy there should be a project board that meet regularly and manage the day to day issues of the project, but this has not happened since January 2014.

In our opinion this has been a major factor in the project not completing its phase one targets on time and other issues which have arisen and led to a property service perception | Corporate Property and Vincimouchel are in a period of transferring to the new contract that is commencing on 1st April 2015. A mobilisation plan is in place which is delivered through a number of work stream plans. A governance structure is in place to monitor delivery of the work streams as well as the overall plan.

Other service plans are already in place for example the strategy and Corporate Property Asset | 30/04/2015 | - | This action has been implemented | |

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that the project was put on hold in September 2014. Other issues are covered by further findings in the action plan but include communications, documented trails of issues, decisions and actions, risks, clarity on the project outcomes and on the detailed deliverables.	Management Plan. The Strategy is being reviewed in 2015 and this will set the context for the corporate landlord requirements. This will be translated throughout the business for example into the asset management plan. In executing these there will be an analysis of how best to achieve any changes to current arrangements taking into account the learning from this audit. In the meantime a service plan is being developed that takes into account priority objectives for 2015. These include 1. Ensure ALL Property Services are procured through Property Service Centre 2. Achieve 100% of Data Capture Schedule 3. Operational Property Service				

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

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	Plans take into account the priority requirements for 1st April 2015, which may be different to the target delivery objectives. A dedicated resource (SW) will be assigned to provide assurance that the principles and requirements for Corporate Landlord are represented and implemented in the various works streams.				

| Audit – DD _ Debtors 2013/14 | Report Date – 28/04/2014 |
| Manager – Tony Warnock | Assurance Received – Limited |

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

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

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

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However, it represents the biggest proportion of Council overdue debt. Credit Control debt recovery action in respect of outstanding Adult Care debts (predominantly residential debtor fees and direct payments) is restricted by the sensitivities and complexities of the cases. This often results in protracted resolution - 59% of Adult Care overdue debt (excluding that secured against property) is aged > 181 days. In March 2013 Adult Care identified key reasons for writing off Adult Care debt: >service user deceased >not legally recoverable >debt disputed >uneconomical to collect It performed a review of its debt recovery processes and identified issues with assessment processes				Agreeso. Agreement at November 15 Executive will help generage a further £1m income in per annum in future years Adult Care is refreshing its governance arrangements and will replace the Performance Board with a series of alternate meetings for officers and members from September 2014. At officer level, financial and performance information will be presented monthly at Asst Director meetings. Similar information at a higher level will be provided as required to the refreshed Adult Care Executive DMT. Budget holders and finance colleagues will discuss income and debt issues on an 'as necessary' basis as well as more formally at their budget review meetings. Subsequent follow up before	

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We recognise that Adult Care's income collection rates are good and that outstanding debt in this area is notoriously difficult to recover. However, it represents the biggest proportion of Council overdue debt. Credit Control debt recovery action in respect of outstanding Adult Care debts (predominantly residential debtor fees and direct payments) is restricted by the sensitivities and	Significant investment has been made to manage income and debts in this area and the focus over the next year will be the implementation of Mosaic and getting this right from April 2015.	01/04/2014	-	Before I can class this as implemeted - other related points need to be closed. Need confirmation that revised processes and new systems (Mosaic and Agresso) are established and realising intended benefits. Update from DT Jan 2015: DT has had involvement with this	Sep-16

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

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

	Audit – DD_Councillor Big Society Fund 12/13			Report Date – 09/09/2012	
	Manager – Paul Drury			Assurance Received – Limited	

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

	Audit – MIMS System Review			Report Date – 09/09/2012	
	Manager – Mandy Knowlton-Rayner			Assurance Received – No Assurance	

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

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

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