Internal Audit Progress Report

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

Audit
LINCOLNSHIRE

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

Introduction

1. The purpose of this report is to:

   - Advise of progress being made with the Audit Plan 2013/14
   - Provide details of the audit work during the period
   - Provide details of the current position with agreed management actions in respect of previously issued reports
   - Raise any other matters that may be relevant to the Audit Committee role

Key Messages

2. We have made good progress against the internal audit plan, despite experiencing some staffing issues and have so far completed 17.8% of the planned work for the year. Further information on our performance targets can be found in paragraph 10.

3. Audit and Due Diligence – update:

   We have completed 22 school audits and finalised 16 County Council audits since our last progress report, 5 of which have resulted in limited assurance. A further 19 County Council audits are in progress, the majority of which have had the draft report issued and are awaiting the final report to be concluded. Other significant work in this period includes our key control testing on the general ledger, bank reconciliation, Pensions Fund / Administration and non-current assets.

   Since the beginning of April we have had an auditor off sick. Originally we expected this to be short term, but we now expect it to be longer term. This has impacted on the completion of the plan in the first quarter as the auditor concerned works almost exclusively on LCC audits. We have arrangements in place to cover this shortfall over the rest of the year.

   It was decided to undertake more testing in completing the 2012/13 audit of Adult Services Case Management, Referrals and Contact Management, this too has impacted on the completion of the plan.

Internal Audit work completed from 1 April 2013 to 30 June 2013

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

Full Assurance	Substantial Assurance	Limited Assurance	No Assurance
▪ Registrars	▪ Business Centres	▪ Child Protection Plans	

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Full Assurance	Substantial Assurance	Limited Assurance	No Assurance
▪ Battle of Britain Memorial – establishment visit ▪ Lincoln Registrars – establishment visit ▪ Financial systems – key control testing	▪ Teal Park Project ▪ Early Intervention ▪ Out of County Provision ▪ Grantham Relief Road Project ▪ Energy from Waste Project ▪ Gainsborough Old Hall establishment visit	▪ Adult Services Project Risk Management ▪ Coroners ▪ Fire & Rescue Fuel Management ▪ Fire & Rescue Partnership Management	

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

5. We are reporting five limited assurance audits in this quarter.

6. Progress with the implementation of agreed management action on recommendations for audits resulting in 'No' or 'Limited' assurance is followed up and reported in Appendix 2.

7. In the audits given Full and Substantial Assurance, we confirmed that the Council has sound processes in place:

Registrars

Our review identified that there are very effective arrangements in place within the Registrars' Service to ensure that a comprehensive and high quality registration and celebratory service is offered.

There are appropriate and effective systems in place which ensure legislation and Good Practice guidance relating to registrations and ceremonies are complied with.

Management gain assurance on systems and processes in place via regular reviews, external inspections and regular monitoring of key performance indicators Commitment to providing excellent customer service is clearly demonstrated by the re-awarding of the government's national standards via the Customer Service Excellence Accreditation in November 2012 with 100% compliance.

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Business Centres

Our review identified that there are effective arrangements in place at Business Centres to ensure that businesses are provided with an infrastructure that can support them in continuing and expanding their businesses and assist them in creating and safeguarding jobs.

The purpose and aims of the Business Centres, including the services they offer and the charges made are clearly documented.

Tenancies are only granted on receipt of appropriate documentation. Charges made to tenants, including those for additional services, are fully supported, documented and invoiced with tenants' arrears being dealt with in a timely manner.

Teal Park Project

The aim of the project was to develop a business accommodation site in Lincoln and this has been achieved. The decision to proceed with the project and amend budget estimates during the project had been presented to senior management and members and approved by committee.

We found that projected budget costs for the project were circa 22 million against a budget of 22.5 million. The Council had worked with Mouchel and other partners in delivering the project and there are records of minuted monthly meetings and highlight reports recorded on the info hub.

Early Intervention

Effective arrangements are in place to meet the objectives of Early Support Care Co-ordination (ESCO).

ESCO in Lincolnshire County Council is based on national Early Support principles, approach and materials. A key working scheme is provided that co-ordinates all the services that the child and family receive through a parent driven family support plan. A single family support plan is used, which identifies the child's current needs, how these will be met, and the professionals who will be helping the family. Drop in clinics are available at children's centres around the county enabling families to access professional advice to help them navigate and co-ordinate the services available.

Out of County Provision

We found that out of county placements are being made in line with the SEN Code of Practice and there is evidence in all cases reviewed, that alternative in-county educational provision has been considered in the first instance. Review of key documents within the process found that they have been authorised appropriately and payments to providers have been made accurately and promptly. We also found that there is very effective communication between the

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Additional Needs Service and the Commissioning Team which helps to ensure the placement process is carried out efficiently and legally.

Grantham Relief Road Project

Project Management is strong with clearly defined roles for both the Council and South Kesteven District Council. Three main groups meet regularly to consider the project. Minutes of meetings do not always assign timescales to agreed actions and actions are not routinely followed up at subsequent meetings. The project structure is clearly defined in the Project Initiation Document, originally produced in February 2012.

A Project Risk Register has been produced and project risk is regularly discussed at Project Team meetings. The Project Risk Register requires updating.

Energy from Waste Project

The project started on site in April 2011 and remains on target for opening at the end of 2013.

Project Management is strong with clearly defined roles for the Council, including the proactive involvement of the Executive Director of Communities and a dedicated Project Team. A Project Risk Register has been produced and is regularly updated. Project risk is discussed at each Contract Meeting.

Payments to Energy from Waste are controlled via a series of agreed project Milestones that were agreed at the start of the contract. The Milestones are discussed at each Contract Meeting and payment is not released until it has been confirmed that all elements have been completed.

Battle of Britain Memorial Visitor Centre – Establishment Visit

The financial management arrangements at this establishment were robust and processes were found to be operating well.

Managers and staff have a good understanding of financial procedures and we found a high level of compliance in all areas. We found evidence of good practice - income was tightly controlled and the budget management arrangements were effective.

Gainsborough Old Hall – Establishment Visit

Overall the Gainsborough Old Hall team manage their finances well although we did find scope to improve current procedures for budget and income monitoring.

The District Manager regularly monitors the budget – however, the new e-purchasing system introduced multiple authorisers for Gainsborough Old Hall which could impact on the manager's ability to effectively control the budget.

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Income is monitored against targets but there is no pattern or trend analysis which could be used to identify potential fraud, error or other anomalies.

Lincoln Registrars – Establishment Visit

We found that Lincoln Registration Office generally manages its finances well. Managers and staff have a good understanding of financial procedures – consequently we found a high level of compliance and numerous examples of good practice.

There are particularly robust controls around preparation and monitoring of budgets, with evidence of regular review, projections and clear reporting to management. Income received is also well documented from the point of receipt through to banking

Audits in Progress

8. The following audits are currently in progress:

Fieldwork in progress:

Public Health Assurance Map
Adult Services Assurance Map
Adult Services Case Management System – On-going
Adult Services Proactive Support – On-going
Adult Services Customer Finance Team
Youth Offending – Under 18s single remand order
Children's Services - Access Databases
Business Support – Direct Payments
Castle Revealed Project
Child Poverty Strategy
Financial Systems – key control testing

Fieldwork complete, draft report being produced:

Trading Standards
Performance Management
Programme Management (council's priority activities)

Final Report being concluded:

Indicative Assurance – Limited

- ICT Disaster Recovery
- Adult Services Case Management, Referrals and Contact Management
- Pensions Administration

Indicative Assurance – Substantial

- Mobile Computing

Indicative Assurance – Full

- Capital Programme
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Other Significant Work

9. Other work undertaken during the period includes:

School Audits

Since 1 April 2013 we have undertaken 22 school audits as part of our on-going audit of schools.

Academy Audits

We have signed up 8 Academies to take our audit services and have visited many of them during this first quarter. We have been developing our audit programme during this period. We have found that we have had to give additional support and guidance to many of the Academies we have visited as they have taken on financial responsibilities that previously they did not have. Through the year we will continue to try and increase the number of Academies taking our service.

Financial Systems – Key Control Testing

Each quarter we complete a programme of due diligence tests on the Council's fundamental financial systems. This work programme confirms:

- systems are operating as expected
- the effectiveness of the key controls within these systems, incorporating a range of fraud tests

Each year the Council's External Auditors place reliance on aspects of our work covering the key financial systems – some of this reliance comes from our quarterly testing. Our quarter 3 and year end testing programme covered the following areas:

- cash (bank reconciliation)

- non current assets (capital programme, asset register, valuation and physical verification of assets and disposal)

- general ledger (journals, suspense accounts, trial balance and system access rights)

- pensions admin / pensions fund

Our sample testing confirmed that key controls in the above areas were operating as expected and we were able to provide full assurance.

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We will continue our due diligence quarterly key control testing throughout the year incorporating more analytical review and fraud tests to complement the key control / compliance work.

Performance Information

10. Our current performance against targets is shown below:

Performance Indicator	Target	Actual 30/06/13
Percentage of plan completed	100%	17.8%
Percentage of recommendations agreed.	100%	100%
Percentage of recommendations implemented.	100% or escalated	Annual Report
Timescales	Draft report issued within 10 working days of completing audit.	100%
	Final report issued within 5 working days of closure meeting / receipt of management responses.	100%
	Period taken to complete audit – by exception	
Client Feedback on Audit (average)	Good to excellent	Good to excellent

Other Matters of Interest

Nothing to report

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Appendix 1 - Assurance Definitions[1]

Full Assurance	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. As a guide there are a few low risk / priority actions arising from the review.
Substantial Assurance	Our critical review or assessment on the activity gives us a reasonable level of confidence 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 are in place and operating sufficiently so that the risk to the activity not achieving its objectives is medium to low. As a guide there are low to medium risk / priority actions arising from the review.
Limited Assurance	Our critical review or assessment on the activity identified some concerns on service delivery arrangements, management of risks, and operation of controls and / or performance. The controls to manage the risks are not always being operated or are inadequate. Therefore, the risk of the activity not achieving its objectives is medium to high. As a guide there are medium and a few high risk / priority actions arising from the review. Our work did not identify system failures that could result in any of the following: - damage to the Council's reputation - material financial loss - adverse impact on members of the public - failure to comply with legal requirements
No Assurance	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. Our work identified system failures that could result in any of the following: - damage to the Council's reputation - material financial loss - adverse impact on members of the public - failure to comply with legal requirements The controls to manage the risks are not being operated or are not present. Therefore the risk of the activity not achieving its objectives is high. As a guide there are a large number of medium and high risks / priority actions arising from the review.

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[1] 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.

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Appendix 2 – Audits where assurance is assessed as 'No' or 'Limited'

Child Protection Plans – Limited Assurance

Introduction and Scope

We have completed a risk based internal audit of Child Protection Plans within Lincolnshire County Council. This is part of the agreed plan of work for 2012/13

The purpose of this audit was to provide assurance that there are effective arrangements in place to meet the key objectives of Child Protection Plans. These have been identified as:-

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- to ensure the child is safe and prevent them from suffering further harm
- to promote the child's welfare, health and development, and
- provided it is in the best interests of the child, to support the family and wider family members to safeguard and promote the welfare of their child.

The audit focused on 3 key areas:-

- Child Protection Plans, including compliance with regulations and policies and procedures
- Core Group arrangements, and
- communication with parents and child.

Assurance was to be provided that legislative and procedural guidance was being followed and that this could be evidenced on the electronic Integrated Children's System (ICS).

Executive Summary

Assurance Opinion: Limited

Our review identified effective arrangements in place to initiate and manage Child Protection Plans. The concern is however that information is not always clearly evidenced on the child's central record in ICS. Information was found to be either insufficiently detailed, or in some cases omitted.

Inputting full and accurate details into ICS is essential to ensure the service holds a complete and up to date record in one central location. It is also considered a fundamental part of ensuring that the duty to safeguard and promote the welfare of children is met.

There are 2 key areas where it is considered improvements could be made, these being:-

- Including within the Child Protection Plan an overall Contingency Plan

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> which briefly details what should happen next should agreed actions not be completed and/or circumstances change.
>
> ■ Clearly evidencing in Core Group meeting minutes that Child Protection Plans have been reviewed in the meetings. As Plans are only updated in ICS after review conferences, there should be a clear link to the location of any updated paper copy versions of the Plan.
>
> It is hoped that further work can be undertaken with the ICS administrators to identify if improvements can be made to the system to simplify how and where this information can be recorded in future.

It is acknowledged that the paper versions of the Child Protection Plans clearly record the required information to ensure adherence to legislation and to the Authority's policies, this information is not however always transferred into the electronic version of the Plan in ICS.

Review/end dates for specific actions and frequency of contact by professionals with the child/family members were often not input to ICS, despite being detailed on the paper version of the Plan.

The paper versions detailed the date of the Review Conference and the first Core Group meeting, but did not detail how often the Plans would be reviewed. It is acknowledged that the Plans are reviewed at the Core Group Meetings, and there was clear evidence that these meetings had been held regularly within timescales set out within the Child Protection guidance.

Members of the Core Group could not be clearly identified in ICS. Core Group meeting minutes, if input into ICS, had to be reviewed to identify who had attended. Members were however clearly identified on the paper versions of Child Protection Plans but again this information had not been transferred into ICS. The membership of Core Groups was considered to be appropriate.

Core Group meetings had been held regularly with all members in regular attendance and therefore contributing to the progress of the Child Protection Plans. There were delays however in Social Workers inputting the minutes from these meetings into ICS, workloads and time constraints were acknowledged as reasons for these delays. Issue of meeting minutes to Core Group members could not be identified from ICS. We were advised that timescales for inputting Core Group meeting minutes into ICS or issuing to Core Group members have not been specified.

We found that the Child Protection Plan process has a number of areas of good practice including:-

■ Detailed procedures exist for the formulating of Child Protection Plans which include clear reference to current legislation.

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- Child Protection Plans clearly detail the concerns which resulted in a child requiring a Plan, the child's identified needs and what actions should be taken forward and how.
- The initial Child Protection Conference has clearly determined the category of Significant Harm, and the child's name/details placed on the central list of Children with a Child Protection Plan,
- Lead Social Workers are nominated who are suitably qualified and experienced. They are also fully aware of their roles and responsibilities.
- Initial Core Group meetings occur within 10 working days of the initial Child Protection conference.
- Parents and child are made fully aware of the name of the Lead Social Worker and the Core Group members. There is regular contact with the parent and/or child to ensure that they are kept fully informed of the process. They are also advised of the complaints procedure or how to raise any concerns/issues.
- Parents and child are involved in the formulation of and receive a copy of the Child Protection Plan and are made fully aware of their responsibilities and those of others.

Detailed findings, recommendations and agreed actions are shown in the attached Action Plan which once implemented will further strengthen current arrangements relating to Child Protection Plans.

Finally audit would like to acknowledge and thank all staff who provided assistance during the course of this review.

Management Response

The audit found Lincolnshire has effective arrangements in place to initiate and manage Child Protection Plans; the children identified as requiring protection are clearly and appropriately responded to with timely and focused interventions that address their immediate protection and other safeguarding needs. Areas of good practice have been identified in regards to existing child protection procedures and processes, quality of the Child protection plans, suitability of the lead Social Workers and involvement of parents and children.

The audit however raised some concerns that information was not always clearly evidenced on the child's central record in ICS; the information was found to be either insufficiently detailed, or in some cases omitted.

It has been recognised by the Local Authority that improvements in regards to the use of the ICS system are required, and currently Lincolnshire has commenced a tendering process to identify a more suitable system of recording.

Lincolnshire has an understanding of their strengths and weaknesses in regards to recording Child Protection and whilst changes are planned immediate solutions have been identified and are being implemented. Our Performance and Assurance team are exploring how to enable better recording in regards to Child Protection by using current recording system and additional support has been provided to front line practitioners from business support, and they help with indexing the documents,

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typing. This is intended to help in ensuring full and accurate recording in child's record in ICS.

Lincolnshire take the duty to safeguard and promote the welfare of children seriously and agree with the recommendations that are shown in the attached Action Plan, which once implemented will further strengthen current arrangements relating to Child Protection Plans.

Management Actions	No.	All to be completed by:
High Priority	2	31 July 2013
Medium Priority	3	31 July 2013

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Adult Services Project Risk Management – Limited Assurance

Introduction and Scope

Adult Services have a portfolio of Performance Improvement Projects that have been designed to improve services and make financial savings. Management recently reviewed their project portfolio and there are currently twelve active projects.

Projects are logged on the Council's project management system Infohub. The system allows for the creation and maintenance of risk registers for each project.

Audit were tasked with looking at the Risk Management procedures in place for a sample of these projects as effective risk management is key to successful project delivery.

The objective of the audit was to provide assurance that appropriate risk management procedures are in place and being followed, ultimately ensuring that there are no surprises that could contribute to the failure of a project. We focussed on the following projects:

- Externalisation of In-house Day Services
- Abacus SDS Module
- LARS in year savings (Over-stayers)

Assurance Opinion – Limited Assurance

We found that the application of risk management procedures varied across the three process improvement projects reviewed, in terms of:

- Depth and relevance of the risks being highlighted – some key risks had not been included within the risk registers. Two out of the three registers were lacking in detail;

- Inclusion of relevant mitigating controls – existing or developing controls had not always been identified for each risk. Again, the two registers noted above were lacking in these details

- Identification of risk / action owners – these details were not always recorded on the risk registers

Management are of the opinion that this area is not limited assurance and that the priorities associated to the recommendations in the action plan are not high. They consider that risk management should be scalable to the size of the project, and that the two projects referred to above were small in size and in relation to the degree of risk involved. Our opinion is that the detail recorded in the risk registers is not sufficient, even for small scale projects. Risk management should be seen as key to the successful delivery of all projects.

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During our discussions, Project Managers demonstrated a good knowledge of the risk management process and recording/reporting requirements. They reported that risk registers were lacking in detail due to the time it takes to input this information into Infohub.

The broader use of Infohub (the Council's online system for the management and monitoring of projects) was discussed with Project Managers during our review. They reported that it was not always kept fully up to date with all project details/documents due to insufficient staff resources. Keeping Infohub up to date is important to maintain a visible and consistent approach to project management across the Authority. Management would like it recognised that the DASS is fully behind the effective use of Infohub and an imminent structure change will see the establishment of a Programme Management Office to support and manage the programme of transformation across the entire directorate

Our review has highlighted some areas where improvements can be made. Project Managers reported that risks are considered, although not always formally documented.

Full completion of the Risk Register will ensure that all project staff are aware of the controls in place and also the actions required to mitigate the risks. It will also give assurance to management that full consideration has been given to the issues that could affect project delivery, and contribute to decision making processes.

We identified the following points of good practice during the audit:

- The service has recently introduced changes and improvements to the governance of process improvement projects. The Risk Management procedures now in place are largely appropriate but could be improved upon

- Risk registers were in place for each of the three projects reviewed, which were regularly reviewed, updated and reported on
- Senior Management are kept informed of key risks relating to the performance improvement projects at their monthly Departmental Performance Board meetings
- Project Managers felt that they had sufficient risk management knowledge and experience

Management Response

Management would like to emphasise the importance of this type of work within the directorate as it responds to the unprecedented challenge to transform the Adult Social Care service offer.

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The DASS is fully behind the effective use of Infohub and an imminent directorate structure change will see the establishment of a Programme Management Office to support and manage the programme of transformation across the entire directorate.

Management are fully committed to effective risk and issue management. There is commitment to putting resources in to make it work and to ensure that appropriate actions are completed.

The help, support and advice received from the Internal Audit Team is appreciated and their feedback has been taken on board.

Management Actions	No.	All to be completed by:
High Priority	2	31 July 2013
Medium Priority	1	31 July 2013

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Coroners – Limited Assurance

Introduction and Scope

In September 2012, at the request of management, we performed an audit review of the ordering & payments system in use by the Coroners' Service.

In November 2012 we also carried out a pre-planned health check of the Coroners' Service.

The Health check considered:-
- The Management structure
- Financial Management
- Risk Management
- Business continuity planning
- Staffing
- Working Assets (specifically the assets at Spilsby)
- ICT systems (specifically IRIS)
- Partnership working and stakeholder engagement (internal customers)
- Operational delivery arrangements (modernisation in particular)

The outcomes of these two reviews are combined in this report.

Executive Summary

Assurance Opinion: limited assurance

Our review of the orders and payments systems identified that:

- For the majority of payments examined either no order had been raised, or where there was an order it had been raised retrospectively for confirmation purposes.
- Invoices did not consistently show evidence of authorisation.
- Greater use could be made of framework orders.

The health check indicates that the service is generally operating satisfactorily although we consider that improvements to processes are required in the following areas:

- Risk Management
- Business Continuity
- Planning for future modernisation.

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Direction of Travel	🔼	Improving
		The direction of travel is positive. Controls within the orders & payments process are improving.
		Weaknesses identified in the health check are being addressed.

Orders & Payments

For the majority of payments examined we found that either no order had been raised, or where there was an order it had been raised retrospectively. These practices increase the risk of errors occurring within the Orders & Payments process.

The use of framework orders is increasing but they are not used in all areas of the service. Management should therefore endeavour to maximise the use of framework orders and minimise the use of confirmation orders

In order to achieve better value for money and continuity of service,-
- ✓ Mortuary Services are subject to formal contracts.
- ✓ Contracts were being arranged in respect of body removal.

We found however that specialist suppliers are engaged without evidence of quotes, orders or any other evidence of agreeing or discussing a price. Management, working in conjunction with Procurement Lincolnshire, should continue to identify areas where better value for money could be obtained from suppliers.

We established that invoices from suppliers did not consistently show evidence of authorisation to be paid. A rubber stamp was introduced around August 2012 to help ensure that each payment has an authorising signature, although since its introduction the rubber stamp had not been constantly used.

We also identified other matters that require management attention:-
- Invoices are taking more than 28 days to process.
- Some suppliers are routinely submitting invoices that did not have invoice dates.
- Some suppliers are sending in invoices covering a supply period of two or three months. (sometimes spanning a financial year end).

Health check

We completed the Health check questionnaire with Marian Connell (Business Services Manager) and Donna Sharp (County Services Manager, Registration, Celebratory and Coroners Services). The health check indicates that the service is generally operating satisfactorily although improvements are required in the following areas:-

- Local finance guidance notes should be updated

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- A SLA should be developed to cover property issues at Spilsby
- The risk register should be reviewed and updated
- The business continuity plan should be reviewed and updated (using the process in place in the registration service as a model)
- Management should decide how to manage modernisation and future planning; there is an Improvement Plan for the Registration & Coroner's Service that could be used as a basis to manage changes although it will need to be brought up-to-date.

Management Response

The request for this audit was taken as a proactive approach for an independent audit of processes and procedures within the Coroners Service.

This report reflects a snapshot in time (September/October 2012), and an improvement plan was already in place to improve both the financial management and procedural aspects of the service provided. In addition this audit proved reassurance that the development/improvement plan was correct and that there were no additional areas for consideration.

The relationship between HM Coroners as independent Judicial Officers and the local authority is delicate, yet at all times there is a strong commitment from the council to provide the necessary and appropriate resources for the Coroners.

The improvements are a work in progress as they require the support of HM Coroners to progress some of these work areas.

An initial email report was provided by Audit in December 2012 with the formal report received in February 2013. A final meeting to discuss the report was held in May 2013. Significant work has been completed during this time to respond to the recommendations in this report.

Management Actions	No.	All to be completed by:
High Priority	4	1 September 2013
Medium Priority	5	1 September 2013

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Fire & Rescue Fuel Management - Limited Assurance

Introduction and Scope
We have reviewed the process used by Fire and Rescue for distributing and monitoring diesel fuel from tanks held on site at fire stations.

The aim of the review is to give management independent assurance that there are procedures in place to manage the fuel stock and distribution process and that staff are complying with agreed policies.

The 2012/13 service budget for fuel is £287,300.

In 2012 an investigation identified mis- use of fuel. Our work seeks to confirm system improvements have been made to prevent this from happening again.

Executive Summary

Assurance Opinion Limited

We found that,
- There were 72 outstanding queries where tally sheets and vehicle log books could not be reconciled
- Fuel recording documentation used on site showed that original records had been changed and overwritten, including dates and amounts of fuel used.
- The current system relies on manual updating and copying of records and is more open to error or misuse.

In our opinion the current manual paper based system used by the service for recording and managing fuel usage does not provide assurance that fraudulent activity will be prevented.

Management are aware of the issues and plans are being discussed to replace the current paper based system with a more modern computer based system, which will record all fuel usage electronically. In our opinion this will help management to control fuel usage as the system can be interrogated and reported from and will not rely on officers completing records.

While the new system is being agreed and approved management should introduce temporary measures which will strengthen the current process and provide more assurance that stocks are controlled and recorded accurately, including
- Issuing guidance to all relevant staff
- Documenting a reconciliation process for station officers
- Scanning original documents where possible,
- Guidance on DIP readings and how to record on tally sheets
- Investigating and clearing all outstanding discrepancies

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The current system used by the service is reliant on staff updating paper records for fuel used and journeys taken. Information is then copied onto another paper record and posted or delivered to Headquarters. In addition to differences not being followed up and sheets being amended this has resulted in delays in getting the information and not all records being supplied.

The process requires stations to regularly check fuel tank amounts using a dip test. The results of tests are added to fuel tally sheet records. Whilst this provides a fuel total reading our testing proved that the dips tests are not accurate.

Management are looking into purchasing a system which uses individual electronic keys to record fuel usage straight onto a system. A similar system is already in use by the Highways department for their vehicles. The service was looking at having detailed plans for a new system by March 2013, but in the meantime management should introduce some interim measures to resolve the key issues with the current system.

Management Response

The report contained no surprises but it is useful to get external clarity on the system tested. This report will support evidence and add substance to budget managers on the need for an updated system. The current process is outdated and a new system should make savings in staff time by reducing the amount of manual checking and filing of information.

Management Actions	No.	All to be completed by:
High Priority	3	31 March 2013
Medium Priority	2	30 June 2013

All recommendations have been implemented.

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Fire & Rescue Partnership Management – Limited Assurance

We have undertaken an Internal Audit review to provide independent assurance that systems and processes are in place to manage Fire and Rescues Partnerships and Projects. We sought to confirm that:

- There are procedures in place to manage, monitor and report on partnership and project objectives.
- There are clear aims and objectives in place
- There is effective governance in place.

The audit concentrated on central records and files held by the partnership and project manager and on reports and governance of the programme board. There are currently 20 formal partnerships and 12 projects being managed by the service.

Executive Summary

Combined Assurance Opinion - Limited assurance

We found that there are clear aims and objectives in place for partnerships and projects but some procedures to manage, monitor and report on partnership and project objectives could be operated more effectively.

The service has a process to monitor **partnership** performance through a system of annual health checks and Service Level Agreement (SLA) reviews. The health check consists of a discussion with the partner(s) and a series of questions, which provide a mechanism for scoring and evaluating the success of the partnership.

We found that not all partnerships had been through this system, therefore management could not gain assurance that all partnerships were operating satisfactorily.

The service plan has a target that all partnerships will be reviewed by March 2013. Testing confirmed that this target is unlikely to be met.

Partnership performance is not reported separately from overall service performance, so we were unable to confirm what part partnerships were playing in delivering against overall service performance. We were also unable to check individual partnership performance against measures listed in SLA's.

Performance and progress of **projects** is reported through highlight reports to a programme board.

We reviewed a sample of project documents and programme board reports. In our opinion some of the reports contained insufficient detail for management to gain an effective overview of how projects were progressing.

Some highlight reports to the programme board contained limited budget

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information which is a crucial indicator and performance measure of project success.

From the sample tested highlight reports did not all contain timescales and originally agreed start and finish dates for project completion. We could not gain assurance that management had an effective overview of project progress against deadlines, budgets and overall delivery.

In our opinion the role of the programme board could be enhanced through clearer reports on projects, including a project overview report which details budget reporting, timescales and quality measures.

Service orders set out how project and partnership management should be conducted. We could not verify that actual practice matched the service orders. There is a risk that an inconsistent approach can be applied, which could effect successful delivery.

Direction of Travel	Improving
	In our view the direction of travel is improving because; • The project and partnership manager is planning to adapt the project register, to include some budget and timescale information. This should increase the clarity on project progress to the programme board. • Project file documentation is improving now the project manager is back in post after a recent secondment. • This also applies to Partnership health check documentation. Reviews were being bought up to date during the audit. Officers were planning to introduce a system to ensure actions are captured and followed up.

Our review also found that:

There had been a lack of resource in partnership management as officers had been on long term sick and seconded to other roles. The section is now fully staffed.

Where the service records a low score for a partnership through the health check process, reasons should be listed and followed up to address the issues. At the time of the audit this was not in place. Officers stated that would be introduced and this is supported by a finding on the action plan.

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Partnership SLA's detail a mix of quality measures and performance indicators which the partnership aims to support. As partnership performance is not reported separately from overall service performance we were unable to confirm what part partnerships were playing in delivering against overall service performance.

It was stated that there is a system for project managers to contact the services financial support officer prior to programme board meetings. We could not confirm this was happening and the lack of budget information on some highlight reports supported this opinion.

We also found the following points of good practice,

We reviewed the main project currently being managed by the service, future control. We found that,
1. There is detailed project documentation to support the project, including,
2. Risk registers are in place which are regularly reviewed and presented to the relevant boards.
3. Highlight reports, detailing progress, budgets and issues.
4. Detailed budget reports,
5. Project plans, which are presented to boards.
6. Communication plan,
7. There is a governance structure in place and progress is reported to a future control board and the services general programme board.

Testing also showed that,

- There is a detailed up to date partnership register in place,
- Due to a lack of resource the system for monitoring partnerships had not been kept completely up to date. However the system is a good way of measuring overall satisfaction with partnership working.
- There are regular programme board meetings and attendance is good.
- There is an up to date project register.

The services management and delivery of projects could be enhanced through a review of processes and project documentation across all projects. Reports to the programme board should include transparent reporting of budget costs and delivery against agreed timescales.

The attached action plan seeks to support the service across the project and partnership management process.

We would like to thank the time and effort of Chris Rushton, Partnership and Project manager, in carrying out the audit review.

Management Response

A useful piece of work, offering up a number of improvement areas, which will be reviewed and implemented where appropriate.

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Agreed actions will be presented to the services senior management board for final agreement and approval.

Management Actions	No	All to be completed by:
High Priority	4	31 August 2013
Medium Priority	3	31 August 2013

Appendix 3 - Outstanding recommendations as at 30th June 2013

Audit Area	Date	Assurance	Number of Recs	Implem'd	Overdue			Not Due Date
					H	M	L	
Performance & Governance								
ICT Service Management	July 2012	Limited	8	5	1	2		
ICT Data Management	Sept 2012	Limited	6	5			1	
ICT Asset Management	Aug 2012	Limited	6	4			2	
ICT Software Licensing	Sept 2012	Limited	3	0	2			1
Councillor Big Society Fund	Sept 2012	Limited	6	5	1			
Resources & Community Safety								
Safer Communities	July 2012	Limited	9	7	1	1		

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Appendix 4 – Internal Audit Plan & Schedule 2013/14

Area	Indicative Scope	Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
Public Health						
Critical Service Areas						
Critical service allocation	Audit of critical services to be determined after the assurance map has been produced	**35**				We are currently working on establishing the Assurance Map for Public Health. When that is complete we will be able to identify the areas that will be audited.
Due Diligence						
Due Dilligence allocation	To review the level of compliance with the Council's key financial procedures across service areas within the Directorate	**10**				
Key Projects						
Key Project allocation	To audit a key project during the year.	**10**				
Key Risks						
Strategic and Emerging risks	To audit risks within the strategic risk register any significant emerging risks arising in the year.	**30**				
Other relevant Areas						
Combined Assurance	Co-ordinating and updating assurances on the Council's assurance map with service managers. Co-ordinating the combined Assurance Annual Status Report.	**15**				
Non-Audit						
Advice & Liaison		**10**				
Total for Public Health		**110**				

Adult Services						
Critical Service Areas						
Customer Finance & Direct Payments Team	Review of the newly formed team for carrying out financial assessments of clients and making direct payments to clients.	**100**	June 2013	June 2013		Fieldwork commenced
Brokerage	Review of end to end process of the Brokerage team for the purchase and monitoring of packages of care.		Sept 2013			
Organisational learning and follow up	Review progress made to implement recommendations from the 2012 Internal Management Review / audit reviews.		Jan 2014			
Quality Assurance	Review the effectiveness of the service-quality assurance regime – developed to ensure that ASC operates to best practice standards / policy and procedures.		Jan 2014			
Performance Management	Review of data quality, trend analysis and reporting arrangements, and the actions being taken to address issues.		Oct 2013			
Reablement Service	Review to gain assurance that the performance of the service continues to improve and that outcomes for service users are achieved.		Nov 2013			
Key Projects						
Transformation Programme	Review of the programme/project management arrangements for this key ASC programme, considering the design and application of the governance structure.	**45**	Sept 2013			
Proactive Support	To provide proactive advice and support on		April 2013	April 2013		On-going

	governance, managing key risks and effective internal control.					
ICT						
Case Management System	To provide proactive advice and support to this project, ensuring that key risks and controls are being considered.	15	April 2013	April 2013		On-going
Key Risks						
Strategic and Emerging risks	To audit risks within the strategic risk register any significant emerging risks arising in the year.	35				Audit areas to be identified at half year review
Other relevant Areas						
Combined Assurance	Co-ordinating and updating assurances on the Council's assurance map with service managers. Co-ordinating the combined Assurance Annual Status Report.	10	July 2013	July 2103		
Non-Audit						
Advice & Liaison		10				
Total for Adult Services		**215**				
Children's Services						
Critical Service Areas						
Birth to Five						
Supported Childcare Allocations	To provide assurance that in allocating supported childcare, families are properly assessed and meet the eligibility criteria.	75	July 2013	July 2013		Scoping
Commissioning						
Child Poverty Strategy	To ensure the authority's Child Poverty Strategy is supported by a robust action plan which will ensure national targets for		June 2013	June 2013		Audit in progress

	eliminating child poverty are achieved.					
Performance Assurance Services						
Lincolnshire Safeguarding Children's Board	To review the arrangements Performance Assurance are developing to strengthen the assurance received from the LSCB.					Children's Services have requested removal from the plan
Property & Technology Management Services						
Legal Changes to Schools	To provide assurance that statutory procedures are complied with when changes are made to schools' status – such as change in provision, expansion, closure etc.		Dec 2103			
Police Notification of Domestic Violence	To provide assurance on arrangements to assess and record police referrals.		Dec 2013			
Key Projects						
Families Working Together	To review the FWT project to provide assurance that effective mechanisms are in place to: - Identify 'troubled' families - Assess family needs - Assess, evidence & record achievement of specified results - Claim available funding	10	Sept 2013			
ICT						
Integrated Children's System ICS	Review of system management, user and administrative access, input and output controls, user training and guidance.	15	Dec 2013			
Access Databases	Review of system maintenance, user and administrative access, input and output controls, user guidance.	15	June 2013	June 2013		Audit in progress

Key Risks						
Strategic and Emerging risks	To audit risks within the strategic risk register any significant emerging risks arising in the year.	15				Audit areas to be identified at half year review
Other relevant Areas						
Combined Assurance	Co-ordinating and updating assurances on the Council's assurance map with service managers. Co-ordinating the combined Assurance Annual Status Report.	285	Oct 2013			
Schools	Periodic audits of maintained schools.		April 2013	April 2013		22 schools completed in Q1
Non-Audit						
Advice & Liaison		10				
Total for Children's Services		425				
Communities						
Critical Service Areas						
Environment, Planning & Customer Services						
Carbon Reduction Commitment	Review of the arrangements in place to comply with the Environment Agency's requirements under the CRC, including sign off of the LCC Evidence Pack.	*70*	July 2013	July 2013		
Flood Management	Review of the development and delivery of the Flood Risk Management Strategy.		Nov 2013			
Customer Service Centre	To review the arrangements for responding to customer queries, delivering advice and information on council services and forwarding service requests.		Dec 2013			

Highways & Transport						
Civil parking enforcement	Review of the arrangements for the management and monitoring of the contract for the provision of parking enforcement services.		Oct 2013			
Adult Services Transport	Review of the impact of personal budgets to give assurance that they have been adequately managed and arrangements put in place.		Jan 2013			
Key Projects						
Spalding Western Relief Road	To provide assurance that appropriate arrangements are in place for the governance, management and monitoring of the design stage to ensure planning permission is achieved.	**20**	Jan 2014			
Castle Revealed	To provide assurance that appropriate arrangements have been put in place to manage the project works and finances and they are being properly applied.		May 2013	May 2103		Audit in progress
Key Risks						
Strategic and Emerging risks	To audit risks within the strategic risk register any significant emerging risks arising in the year.	**15**				Audit areas to be identified at half year review
Other relevant Areas						
Combined Assurance	Co-ordinating and updating assurances on the Council's assurance map with service managers. Co-ordinating the combined Assurance Annual Status Report.	**10**	Oct 2103			
Non-Audit						
Advice & Liaison		**10**				

Total for Communities		**125**				
Resource & Community Safety						
Critical Service Areas						
Fire & Rescue						
Fleet Provision	To review the provision and maintenance of the fleet, including the safeguards in place to prevent reoccurrence of the AssetCo risk.	**70**	Jan 2014			
Safer Communities						
YOS – under 18s single remand order	To review the Authority's response to the Legal Aid and Punishment of Offenders Act 2012 – scope to cover: process, finance and links to Children's Services – Looked After Children		June 2013	June 2013		Audit in progress
Trading Standards	Assessment of resourcing, task prioritisation and impact on timescales.		May 2013	May 2013		Draft report
Procurement Lincolnshire						
Category Management	Review the effectiveness of category management model and development of supply market intelligence to delivery client needs and sustainable outcomes.		August 2013			
Business Support						
Direct Payments	Review of process, compliance and support arrangements in light of change of responsibilities – system is significant to the support in ASC and has had past limited assurance from Audit.		May 2013	May 2013		Audit in progress

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Due Diligence						
Resources						
Creditors	To ensure that the financial control environment in these systems are robust and operating effectively. The reviews will assess whether income and expenditure budgets are regularly monitored, appropriately controlled and reported.	260	Aug 2013			
Debtors			Sept 2013			
Procurement Card			Nov 2013			
Pensions Administration			Dec 2013			
Budget Management			Jan 2014			
Pensions Fund			Feb 2014			
Income			Sept 2013			
Key financial systems – transaction testing	Throughout the year test key controls and transactions feeding into the Council's accounts in liaison with External Audit		April 2013 July 2013	May 2013		Full Assurance On-going
Financial and Contract Regulations – establishment visits	To review the level of compliance with the Council's key financial procedures across selected service areas		Jan 2014			
Risk Management	To provide assurance on the risk management strategy, structure and operations within the organisation.		Oct 2013			
ICT Applications						
SAP		15				
Key Projects						
FDSS		10				
Emerging Risks						
Emerging risk contingency	To audit any strategic risks and significant emerging risks arising in the year.	20				

Other relevant Areas							
Combined Assurance	Co-ordinating and updating assurances on the Council's assurance map with service managers. Co-ordinating the combined Assurance Annual Status Report.	**10**					
Non-Audit							
Advice & Liaison		**10**					
Total for Resources & Community Safety		**395**					
Performance & Governance							
Critical Service Areas							
People Management	Review the effectiveness of the People Strategy launched in 2012 and the strands underpinning delivery of the Council's people management arrangements	**20**	Sept 2013				
Due Diligence Activities							
Corporate Governance	To review the effectiveness of the Council's governance arrangements, including compliance with new standards regime	**20**	Nov 2013				
Gifts, Hospitality and Register of Interests	To assess the level of compliance with the Council policy for managing gifts and hospitality and controlling potential conflicts of interest.		Dec 2013				

ICT							
	Work is underway to finalise ICT assurance map and status report – this will inform the choice of audits in this section of the plan. Scheduling of individual ICT audits will be agreed when the assurance map is finalised.	85					
Key Projects							
Broadband in Lincolnshire	To provide assurance on delivery and compliance with the grant conditions.	10	Feb 2014				
Strategic / Emerging Risks							
Strategic risk	To seek assurance on the key controls linked to strategic risks which sit within the directorate, e.g. Becoming a Commissioning Council	15					
Emerging risk contingency	To audit any significant emerging risks arising in the year.						
Other relevant Areas							
Combined Assurance	Co-ordinating and updating assurances on the Council's assurance map with service managers. Co-ordinating the combined Assurance Annual Status Report.	10					
Non-Audit							
Advice & Liaison		10					
Total for Performance & Governance		170					
Grand Total		**1440**					

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