

County Offices
Newland
Lincoln
LN1 1YL

15 January 2016

Audit Committee

A meeting of the Audit Committee will be held on **Monday, 25 January 2016 at 10.00 am in Committee Room One, County Offices, Newland, Lincoln LN1 1YL** for the transaction of the business set out on the attached Agenda.

Yours sincerely



Tony McArdle
Chief Executive

Membership of the Audit Committee
(7 Members of the Council + 1 Voting Added Member)

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

Voting Added Member

Mr P D Finch, Independent Added Person

**AUDIT COMMITTEE AGENDA
MONDAY, 25 JANUARY 2016**

Item	Title	Pages
1	Apologies for Absence	
2	Declaration of Members' Interests	
3	Minutes of the meeting held on 23 November 2015	5 - 18
4	Combined Assurance Status Reports <i>(To receive a report which provides the Audit Committee with an insight on the assurances across all of the Council's critical services, key risks and projects. The Executive Directors will be in attendance to present the assurance report for their Directorate)</i>	19 - 134
5	Update on Libraries Action Plan <i>(To receive a verbal update in relation to progress made against the Libraries action plan)</i>	Verbal Report
6	Audit of Coroners Service - Update on Progress <i>(To receive a report which provides an update on the actions arising from the Corporate Audit of the Coroners Service undertaken in Spring 2014. The report is provided for information purposes and to update on progress and the direction of travel)</i>	135 - 140
7	Whistleblowing Annual Report 2014/15 <i>(To receive a report which provides an overview of the Council's whistleblowing arrangements throughout the year 2014/15)</i>	141 - 146
8	Update on the Agresso Project <i>(To receive a verbal update in relation to latest position in relation to the implementation of Agresso)</i>	Verbal Report
9	Internal Audit Progress Report <i>(To receive a report which provides an update on audit work undertaken in the period 1 July 2015 to 31 December 2015)</i>	147 - 198
10	External Audit Progress Report <i>(To receive a report from KPMG, the County Council's External Auditors, giving an update on the 2015/16 audit deliverables)</i>	199 - 212
11	Work Plan <i>(To receive a report which provides the Committee with information on the core assurance activities currently scheduled for the 2015/16 work plan)</i>	213 - 220

Democratic Services Officer Contact Details

Name: **Rachel Wilson**

Direct Dial **01522 552107**

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

Please note: for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details set out above.

All papers for council meetings are available on:

www.lincolnshire.gov.uk/committeerecords



AUDIT COMMITTEE 23 NOVEMBER 2015

PRESENT: COUNCILLOR MRS S RAWLINS (CHAIRMAN)

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

Officers in attendance:-

Rachel Abbott (Audit Manager), Debbie Barnes (Executive Director of Children's Services), Debbie Bowring (Principal Risk and Assurance Officer), Tony Crawley (KPMG), David Forbes (County Finance Officer), Glen Garrod (Director of Adult Care), Judith Hetherington Smith (Chief Information and Commissioning Officer), Dr Tony Hill (Executive Director of Community Wellbeing and Public Health), Tony McArdle (Chief Executive), Pete Moore (Executive Director of Finance and Public Protection), Lucy Pledge (Audit and Risk Manager), Richard Wills (Executive Director for Environment and Economy), Rachel Wilson (Democratic Services Officer) and Mike Wood (KPMG)

29 APOLOGIES FOR ABSENCE

There were no apologies for absence.

30 DECLARATION OF MEMBERS' INTERESTS

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

31 MINUTES OF THE MEETING HELD ON 21 SEPTEMBER 2015

RESOLVED

That the minutes of the meeting held on 21 September 2015 be signed by the Chairman as a correct record.

32 CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR BRIEFINGS ON ASSURANCE ARRANGEMENTS

The Audit Committee played a vital role in the Council's governance and assurance arrangements, and to help the Committee undertake this role effectively, members received a briefing from the Chief Executive and each of the Executive Directors in order to provide the Committee with some insight on how the potential changes and financial challenges ahead may impact on assurance arrangements.

Briefing by the Chief Executive, Tony McArdle

Members were advised that it was very difficult to start a discussion without talking about money, and how could the authority make the money go as far as it could whilst still meeting the objectives of the Council. The expectation was they the authority was about half way through the level of spending reductions it would be expected to make. £130m had already been taken out of the budget, and there may still be another £130m that would need to be taken out, possibly more if the awaited settlement was unfavourable. There would be a need for some very difficult budget decisions.

The Council's ability to balance the budget falls into four broad areas:

- Demand management – managing the demand for services, by being better at presenting information upfront, working with the NHS to help people to stay in their homes for longer, helping them to not have a crisis. This would rely on partnership working, and the Council could not control that agenda, but could influence it;
- Costs – reduction in the costs of providing services;
- Efficiencies – reducing the inefficiencies in the way that the Council operated;
- Income – this was what was received from government/through council tax/business rates, fees and charges, etc;

Over the last five years, the Council's income has been reduced, and there had been a need to make some cuts in services. A lot of work had already been done in demand management so the Council could meet people's needs at an earlier stage in the process. The authority was a substantially more efficient organisation than it used to be. It had to become more efficient, more productive, and there had been changes in the way that staff were managed. There was a need for better use of technology which could lead to an increased productivity in the work force.

What underlined most of this was risk, and there would be a need to take more risks. There was a likelihood that more things would go wrong more often, but the authority should be able to manage it and the risk would be at a low level. It was also likely that things would be done less efficiently, less effectively, less quickly as the authority would not have the resources to respond as it previously did.

The organisation could become less resilient, as there would be fewer resources behind each service, but while still doing the same level of work. Service areas would be staffed to the lowest level of demand, and this would be reflected in the time it took for tasks to be completed. When there was a peak in demand for a particular service, there may be a need to use external staff such as agency staff. There would be a need to monitor staff for signs of stress to ensure that officers were not becoming stressed beyond what was sustainable.

At the end of this process, the council would be operating with around 60% of the budget it had at the start of the decade. The wage bill for the authority had been maintained at 27% of the total budget. Members were informed that if every single member of staff had been made redundant, this would still not have produced anywhere near the required amount of savings that the authority needed to make.

Most staff were paid the same as they were 5-6 years ago. The private sector had always been very competitive in terms of pay, but this had changed now, whereas staff in a local authority had received wage increases of approximately 1% over 5 years, over the same time in the private sector wages had risen by approximately 12%. The authority was starting to lose staff to the private sector, and so there would be challenges ahead when the authority found it difficult to recruit staff.

It was queried whether there was a need for more use to be made of resources such as the LEP (Local Enterprise Partnership). Members were advised that the authority made as much use of the LEP as possible, as the income it had brought into the County had been very good. Some authorities were opting for a trading model, but this meant the authority was subject to all the issues of the private sector, and there would be issues around viability in future years. Lincolnshire had always been wary of trading operations. There were other options, such as selling assets, but caution against a 'fire sale' was expressed as once the assets had been sold any future income was lost. It was commented that there was a trading interest in ESPO, but there was no commercial risk involved, and so it was queried whether the authority would be looking to expand its trading operation.

Members were provided with the opportunity to ask questions in relation to the information presented to them and some of the points raised during discussion included the following:

- Demand management was key, as well as how expectations would be managed. It was queried how this message would be got out to people to try and limit the demand. The Committee was advised that different channels would be used to get the information out, such as through the website. There were plans to make more use of online platforms. There would be more work to keep people out of hospital or out of crisis and prioritise spending on areas of immediate risk such as adult and child safeguarding;
- It was commented that getting a message out regarding the costs of services could have a reputational risk;
- It was not clear yet how the authority would get through the next four years, but there were other authorities that would face problems before Lincolnshire. There was a lot of talk in local government about what failure would look like with these financial difficulties. Service failure was a high risk for every local authority. The LGA believed that there would be 12-14 local authorities that would be unable to set a balanced budget soon;
- There would be a dialogue with the public and an article in County News that set out the broad picture of the hard times to come. This would be part of the engagement regarding potential areas where there may need to be cuts. The provisional budget would be set on 5 January 2016. It was important for members to recognise that the only way to balance the budget over the next four years would be to make substantial reductions;
- The living wage would be another cost pressure, and a lot of organisations would struggle with this as it could add between £30-37m to the budget by 2020;
- Concerns were raised that the authority seemed to be moving towards a situation where there was a preparedness to put life and limb at risk in order to balance

the budget. Reference was made to mental health services, and the potential to reduce mental health provision.

Briefing by the Executive Director of Adult Care, Glen Garrod

Over the last five years, income and income generation had been a priority. In the last year, the authority had received an additional £4.6m of NHS funding through the Better Care Fund, which was a major source of additional income for the Council.

The NHS in Lincolnshire was operating at a significant deficit, with the acute trust having a deficit of around £70m, and the CCG's were being asked to use up their resources to fill in the gaps. It was thought it would be difficult to negotiate additional funding from the Better Care Fund for next year. In Adult Care there would be work to look at how the number of people requiring expensive care packages could be reduced, for example by working on fall prevention.

Over the last four years, Adult Care had become a highly efficient service, and was relatively unique nationally. The staffing complement in the directorate had been reduced from 1199 FTE to less than 451 FTE. The living wage would have a big effect on the external home care and residential service budget in particular, which in 2016/17 could cost the council in excess of £4m.

Nationally there were concerns about system failure due to lower levels of staffing and increased demand, where hospitals could not receive any more emergency admissions, and this would create a ripple effect leading to loss of A & E capacity across several hospitals in the same area.

There was the opportunity now to create more stability, and to create less risk in some areas of activity by working with health partners, but change also created risk. There would be a need for different skills sets for example, in Adult Care quality assurance and commissioning were increasingly as relevant as managing services as there were fewer in-house with over 92% of the Adult Care budget spent on external services. Officers were still not sure that ministers understood the impact that policy changes were having on vulnerable people.

In response to a query, members were advised that the three main risks for adult care were:

- That the authority would not be able to meet the legitimate and legally required needs of the most vulnerable. The introduction of the Care Act in April 2015 changed how the Council managed the gateway to adult care. This meant more people were expected to come for advice and assistance against an increasing budgetary pressure that the council could not continue to support;
- That the integration with Health would not progress fast enough or securely enough. The integration with health would deliver better outcomes for people, but it was not certain that it would save money in Adult Care;
- Workforce supply and the quality of staff. Some 10,000 staff were currently employed in the social care sector in the county, and it was very difficult to recruit, particularly in relation to nurses. There was a real danger that the nurses who ran nursing homes would move to the acute trust.

Concerns were raised that there was no longer a valid vocational training route in the nursing profession. However, people were beginning to realise that this was an issue, and it was hoped to work with the LEP on this. Work was also taking place with partners including Universities and further education colleges. It was reported that Bishop Grosseteste University had been awarded 120 places for an apprenticeship degree programme in health and social care.

It was queried how the risks from managing partnerships would be managed. Members were advised that partnership working was fraught with difficulties and a significant drain on resources. It was acknowledged that the right health and care system would never be in place unless all partners worked together.

A lot of Public Health interventions were at risk as they did not give immediate effects, and if the authority stopped doing things in terms of prevention work an effect on NHS services and adult care services would be seen in a relatively short space of time. This was about good demand management which was effective in reducing unnecessary costs and helping people to remain independent.

In responding to a query from members, it was noted that some of the risks of a bad winter would include fewer staff available due to illness or injury. If it was a very bad winter and transportation was affected it could become very serious if care workers were not able to get to people.

There was a good level of assurance that in Adult Care services were commissioned properly and the controls which were in place were robust.

Briefing by the Executive Director Children's Services, Debbie Barnes

There would be some specific challenges in relation to children's services, particularly around demand management as nationally children's services was seeing increased demand for services and this was being mirrored locally. The cuts to legal aid were also having an impact on increased demand. There was also increasing amounts of case law which was increasing the authority's statutory duties, for example housing responsibilities and special guardianships. It was reported that there was much less discretion in terms of being able to divert from policy.

Lincolnshire had a low spend compared to other Local Authorities in relation to children's safeguarding, due to strong preventative services. The risk was that the authority may not be able to continue to provide preventative services.

The introduction of the living wage and market failure were also big issues.

In terms of the national policy context in relation to schools, the authority's statutory duties had not changed but funding had reduced.

A project had just been set up to look at the feasibility of special schools, and to examine whether they could become more generic so they could meet the needs of

their communities and stop children having to be transported across the County. It was thought there could be a need for more places in response to demographics.

Briefing by the Executive Director Environment and Economy, Richard Wills

It was reported that a reasonable capital settlement for highways management and maintenance had been received this year. There had been a lot of investment through the capital budget; the revenue budget was only just adequate, but the financial constraints of the Council were understood. The current risk was that the service area was carrying over 30 vacancies, in preparation for the unknown future budget. Under-staffing was causing some delivery problems, and the service was not as responsive as it should be.

The Committee was advised that Highways were struggling to find drivers for the gritters. There would be a need to look at different way of doing things. There was no doubt that the revenue budgets would reduce. The service was unlikely be as responsive or resilient following budget reductions but work on a future operating model may be able to minimise any adverse effects.

In terms of Highways projects, the East West Link was progressing well. A start had been made on the Grantham Southern Relief Scheme, and it was hoped that the authority would get the go ahead to progress the scheme across the valley in due course. It was reported that this scheme had a complex package of finance. Preparation work was also taking place for Spalding, and it was noted that schemes were becoming increasingly private sector led.

The Committee was advised that the authority was still awaiting the outcome of the public inquiry for the Lincoln Eastern Bypass. There was concern that the inspector may not report back their findings as quickly as originally thought. There was a risk associated with timing, as the authority would not be allowed to carry out site clearance in the spring.

In terms of public transport and buses, there had been a 30% reduction this year of financial support to bus operators, in terms of the subsidised network. Good progress was being made on the Total Transport project. There was a high possibility of having much less support for buses in the future.

Waste management was demand led, when the district councils kept collecting waste then the County had to keep disposing of it. The hope was that the private sector would want to build some more commercially led facilities. The amount of waste produced was proportional to the number of households.

In relation to economic development, the Local Enterprise Partnership (LEP) would be of great importance, and it was noted that the Greater Lincolnshire LEP was considered one of the best formed LEP's in the Country. It was also considered one of the best represented by the private sector as well as representatives from the County Council, and had been successful at securing a disproportionately large amount of money for Lincolnshire. It noted that there was no duty on the Council to spend money on economic development, but it would provide income for the County

Council (increased business rates) and investment in Lincolnshire's economy may be beneficial for the Council.

The Boundary Commission would be making a decision on the size of the council for the future. Also there would be a need to implement the scrutiny review, and that it was likely that changes in Committee Structure would take place after the election in 2017.

It was noted that as Monitoring Officer, the Executive Director had spent many hours dealing with complaints, but these had reduced in the last 6 months. It was suggested that this was due to the inclusion of Respect within the Members Code of Conduct, as well as the appointment of Councillor Mrs Brockway as Chief Whip, which had changed the dynamic of the Council.

Organisational change was an issue which needed to be tackled, and there was a need for more collaboration across commissioning arms once the budget settlement had been received. It was commented that there was definitely room for improvement in this area, and there would be a need to work with HR on how so many different changes would be managed. For those that were left in the organisation, the changes could be significant and it was thought that officers would come up with some transformative changes. However, there may be a need to stop doing some things. There would be a need to work out the best way to use the money the authority did receive.

Members were advised that only 30% of the bus network was subsidised by the County Council, and the rest was commercially viable. If the development outlined in the Central Lincolnshire Plan happened in an orderly way, there should be a critical mass of people in an area to make the bus services commercially viable. The Council was also trying to introduce more commercially minded thinking.

There would be a need for the Committee to keep an eye on the change management process.

Briefing by the Chief Information and Commissioning Officer, Judith Hetherington-Smith

There were concerns about being able to maintain the range of skills that were needed for the commissioning process. A lot was being asked of a decreasing number of people, and it was a management responsibility to ensure that staff were not pushed too hard. This was now a higher risk than it used to be.

Briefing by the Executive Director Finance and Public Protection, Pete Moore

The financial situation for this council and all councils was similar. The funding from government had reduced in real terms by around 30%, over the next four years this would be about £130m, but would be about £160m when the living wage increase was taken into account if the government did not subsidise this.

Whilst there would be a desire to protect key areas, there could be some areas where there was a need to reduce services further or remove them altogether. Officers were aware that local authorities would face more challenge about what was an appropriate level of service. There was still work which needed to be concluded in relation to the effects of the localisation of business rates.

In order to be able to manage risk, the Council had established and built up a financial volatility reserve. However, by the end of next year, this would be largely exhausted. It was thought that DCLG may try and cap the level of reserves an authority could hold, and there would be some challenges both nationally and locally that would need managing. It was thought there would be less capacity to monitor and manage those risks. The challenge for the Audit Committee would be to judge where its activity was most required.

Any devolution deals would have to be cost neutral. Collaborations between authorities could give an opportunity for efficiency savings.

In terms of public protection, a lot of this work was carried out in partnership with the Police, Health, Ministry of Justice etc whose budgets would also be under pressure, and there may be impacts on services such as youth offending.

Members commented that the picture was bleak, but the Committee would seek assurance on how any changes would be managed. There had been recognition by officers of how difficult the changes would be, there would be effects of taking some risks, of saying no, of asking more of staff than had been asked before, and of not being able to recruit the staff that were needed.

There were always more efficiencies which could be made, and better use could be made of technology. Reactive maintenance was very inefficient, but inefficiencies could emerge through the need for affordability.

Members were advised that training had been maintained and would be maintained. The authority would always continue to provide and offer training, as it would be a false economy not to.

RESOLVED

That the current status of the Executive Directors' assurance regime be noted.

33 UPDATE ON THE AGRESSO PROJECT

The Committee received a verbal update from the Chief Information and Commissioning Officer in relation to the most up to date situation with the Agresso system.

It was reported that some signs of progress could be seen. Shortly after the last meeting of the Audit Committee, where senior officers from Serco were present, Serco took the decision to change some of the staff at the Lincoln office. Not everything which was outstanding had been achieved, but it was acknowledged that

the changes had only taken place a short time ago, but there had been some progress. The backlog of queries in relation to payroll was being reduced, and it was hoped that it would be cleared by the end of the calendar year.

There had been signs that October's payroll had been better than September's and fewer new issues had been reported. It was expected to see further improvement in the coming months.

Most of the areas of concern had been related to payroll. Where deductions had been taken from staff, this had been paid to HMRC, however, the information on who had paid what had not yet been transferred across. Serco were putting a lot of energy into fixing the problems. There was still some way to go to fix the issues for council staff, but the issues relating to schools were almost clear.

The system issues were making reasonable progress, but a firm date for when all issues would be resolved by had not been provided. An updated version of the Agresso system needed to be implemented, but officers wanted to wait until the system was more stable before installing it.

The budget monitoring report was 90-95% correct, but the biggest risk from the finance point of view was that the year end was not far away, and it was a statutory deadline. There was a high risk of the accounts not being produced on time.

Members were provided with the opportunity to ask questions to the officers present in relation to the update provided, and some of the points raised during discussion include the following:

- Concerns were raised regarding people who had to enter claims for tax credits as they would not be able to provide evidence of their earnings.
- It was very important that the Committee understood that the Chief Executive and Corporate Management Board were spending time working with senior Serco officers, and have been considering what the right options were to resolve the issues that had been experienced;
- There had been reasonable performance since the new staff took over;
- It was noted that 100 other authorities were using Agresso, so it was queried why so many issues were being experienced;
- It was noted that a lessons learned report would not be produced until all problems had been resolved;
- The implementation was a significant part of the problem, and some of the staff that transferred to Serco had not had as much training as required;
- There were some systems issues, but it was not the system itself;
- Members were still awaiting a figure on how much it had cost the authority to resolve the issues. It was noted that some costs were being recharged on a monthly basis. There was a need for further conversations about what other costs were rechargeable;
- It was confirmed that HMRC had contacted the County Council regarding the failing of the RTI, and officers were working with Serco to supply HMRC with a response;

10
AUDIT COMMITTEE
23 NOVEMBER 2015

- The County Council did have a Relationship Manager at HMRC who was providing constructive engagement and was not being adversarial.

RESOLVED

That the update be noted.

34 COUNTER FRAUD PROGRESS REPORT TO 31 OCTOBER 2015

Consideration was given to a report which provided an update on the Council's fraud investigation activities and information on progress made against our counter fraud work plan 2015/16.

It was reported that good progress had been made against the work plan for 2015/16. Officers were currently involved in ongoing work in a number of key fraud pro-active areas and had carried out extensive work on fraud awareness with various stakeholders.

Members were advised that six fraud referrals had been received since April 2015, and there were currently four live cases, and two which were now concluded. Members were guided through the report and some of the points highlighted included the following:

- Significant progress on 2 of the 3 areas carried forward from the 2014/15 Counter Fraud Work Plan;
- The Lincolnshire Counter Fraud Partnership had been fully operational since May 2015;
- The Lincolnshire Counter Fraud Partnership was leading on awareness and promotional work across the county, which would include 'pop up' displays in reception areas and implementing a flexible fraud e-learning module for council employees;
- At the time of writing of the report, £18.5K had been recovered through data matching reports as part of the National Fraud Initiative 2014/15;

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

- It was queried whether the Council would have to carry out more work to pursue cases of fraud through the criminal justice system if police numbers were reduced. Members were informed that this was a possibility;
- There were arrangements in place for the authority to recover any costs incurred through prosecutions, as well as compensation arrangements;
- It was commented that the Counter Fraud activity had made a difference, and activity through the whistle blowing campaign had increased;
- Work that had been carried out with Adult Care around financial abuse had been successful;
- It was suggested whether a training session on Counter Fraud could be held for the Committee.

RESOLVED

That the outcomes of the Council's counter fraud work be noted.

35 RISK MANAGEMENT PROGRESS REPORT - NOVEMBER 2015

Consideration was given to a report which provided an update on how the Council's biggest risks were being managed as well as reporting on the progress made in assisting the Council to adapt and change the way it 'thinks' about risk.

The key risks were highlighted to the Committee, and it was reported that a full refresh of the strategic risk register would be carried out in 2016.

RESOLVED

That the current status of the strategic risks facing the Council be noted.

36 INTERNAL AUDIT - EXTERNAL QUALITY ASSESSMENT

It was reported that internal audit within the public sector in the UK was governed by the Public Sector Internal Audit Standards (PSIAS) which had been in place since April 2013. The Standards required a periodic self-assessment and an external assessment at least once every 5 years as part of Internal Audit's Quality Assurance and Improvement Programme.

The report provided the Committee with the proposed scope for undertaking the external assessment. It was reported that the deadline for the external assessment was March 2018, but the County Council had decided to undertake this assessment earlier, and it had gone through the procurement team. Members were advised that all potential suppliers had previously carried out this type of work.

RESOLVED

1. That the proposal to undertake a full external assessment of the Council's Internal Audit Function in 2016 be endorsed;
2. That the Chairman of the Audit Committee and the County Finance Officer be approved as project sponsors.

37 REVIEW OF AUDIT COMMITTEE TERMS OF REFERENCE

(Councillor W S Webb left the meeting at 12.55pm)

Consideration was given to a report which presented the Audit Committee's Terms of Reference for review as this is seen as best practice. Members were advised that the Terms of Reference had been reviewed and updated to reflect good practice guidance as outlined CIPFA's Practical Guidance for Audit Committees which provided local authorities with suggested terms of reference.

12
AUDIT COMMITTEE
23 NOVEMBER 2015

RESOLVED

1. That the new terms of reference attached at Appendix C of the report be considered;
2. That the new terms of reference be recommended to the Council for approval.

38 ANNUAL EXTERNAL AUDIT LETTER 2014/15

Consideration was given to a report which presented the opinion of the Council's External Auditor following the 2014/15 external audit of Lincolnshire County Council and the Pension Fund.

Members were advised that the Council's External Auditor had issued an Annual Audit letter which summarised the findings from the 2014/15 external audit and had issued an unqualified opinion on Lincolnshire County Council's financial statements and on the pension fund annual report on 29 September 2015.

In considering the Annual Audit Letter 2014/15, members commented that they were pleased that a good sized paragraph had been included regarding the issues experience during implementation of the Agresso system, and that the comments were very measured.

RESOLVED

That the contents of the report be noted.

39 EXTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report from KPMG, the County Council's External Auditors, which gave an update on the 2015/16 Audit deliverables.

It was reported that the focus was the same as the focus for 2014/15, and the External Auditors would continue to work with officers, and would be reported back to the Committee as and when required.

Members were advised that the current contract would be extended to cover 2017/18, and it was expected that further guidance would be made available.

It was noted that this would not need to be considered by the Pensions Board.

RESOLVED

That the progress report be noted.

40 OUTSTANDING AUDIT ACTIONS REPORT

Consideration was given to a report which provided a detailed update on the status of all overdue high risk agreed actions from previous audits.

It was reported that 10 of the 27 recommendations had been actioned within the agreed timescales. For the remainder, details of delays and revised action plan were recorded. Members were advised that the report went through each outstanding action in detail, and provided revised completion dates.

It was commented that Agresso was not the problem, but the way it had been implemented. It was the implementation of the system which had caused problems. Members were advised that the County Council was the biggest client Agresso had had that wanted to use most functionality of the system.

It was noted that it was important to stay up to date on the issues with adult social care.

RESOLVED

That the status of the listed findings be noted, and that the Committee receive a detailed update in the future on progress made with some or all of the actions.

41 WORK PLAN

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

Members were provided with the opportunity to comment on the current work plan, and some of the points raised during discussion included the following:

- It was noted that one of the issues with the risks was that the authority did not know what funding would be received in the coming years.
- It was thought that the Committee should keep a watching brief on the Agresso situation;
- The pace of change and volume of change required would be a risk;
- There were concerns regarding the appraisal system, and it was commented that if it was working well staff should be identifying their training needs;
- Some risks would always be risks, and they would just need to be managed;

The Monitoring Officer referred to a matter of principle which had been raised by a particular Freedom of Information (FOI) Act enquiry. The writer had requested details about risk registers held by the Council. The request was resisted on a number of legal grounds allowed by the Act. The main argument was that officers were able to be open and transparent with councillors about risks that could make the Council vulnerable to exploitation. Should there be public disclosure of such risks, it was likely that officers would be more reluctant to bring these to attention. Furthermore, the Council had a lot of risk registers, some of which were public, some of which

14

**AUDIT COMMITTEE
23 NOVEMBER 2015**

were for management purposes only. Seeking these out and possibly redacting them for an FOI request would require a lot of staff time. The Monitoring Officer asked the advice of the Committee. There was broad support for the stance taken and members expressed concern that disclosure of these registers could cause a situation where officers were reluctant to provide information to councillors that could be detrimental to the interests of the Council and the public purse.

RESOLVED

1. That the Audit Committee's Work Plan be noted;
2. That the outstanding actions designed to improve the effectiveness of the Committee be noted.

The meeting closed at 1.30 pm

Regulatory and Other Committee

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

Report to:	Audit Committee
Date:	25 January 2016
Subject:	Combined Assurance Status Reports

Summary:

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

Recommendation(s):

That the Committee:

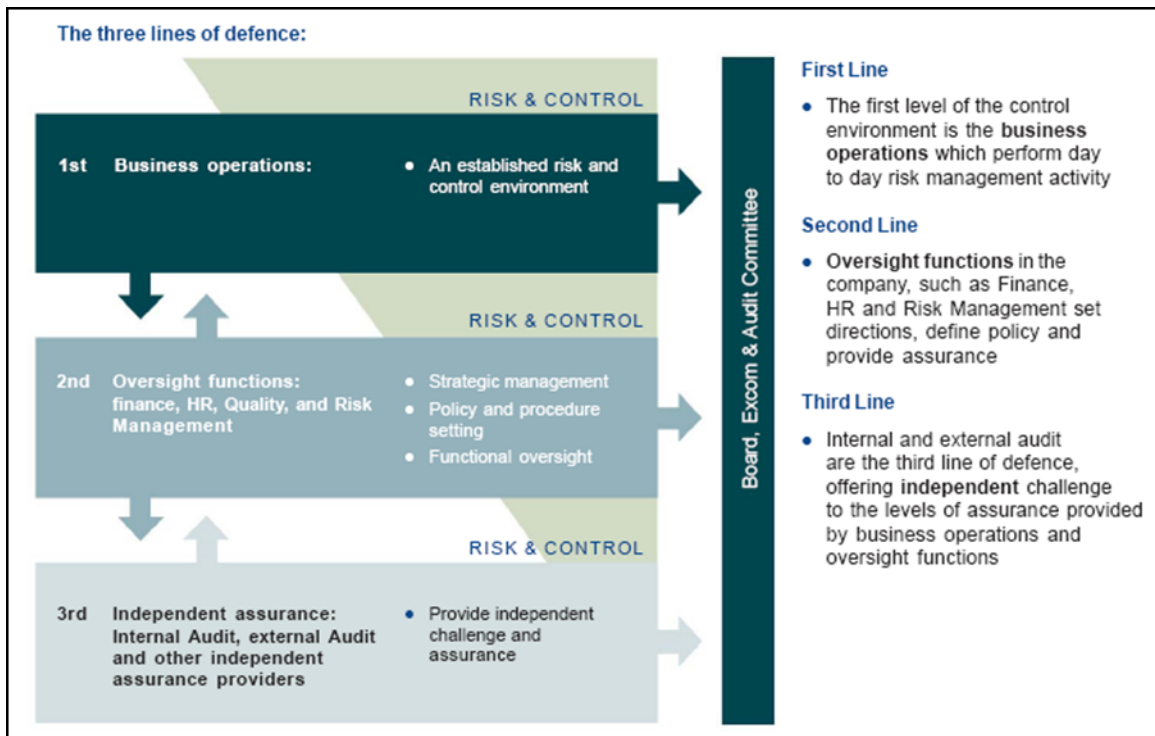
Notes the current status of the Executive Directors' assurance regime and makes recommendations on any further scrutiny requirements or actions

Background

1. These reports aim to provide an insight (snapshot) on what assurances are currently in place on areas of the business that matter most ie.

'have a significant impact on the delivery of our priorities or whose failure could result in significant damage to our reputation, financial loss or impact on people'
2. The combined assurance gives an overview of assurance provided across the whole Council – not just those from Internal Audit – making it possible to identify where assurances are present, their source, and where there are potential assurance 'unknowns or gaps'.
3. The methodology used is based on the 'three lines of defence (assurance) model' - which co-ordinates assurance from management, oversight functions and third parties (including Internal Audit – inspections etc).

Figure 1 – Three Lines of Defence – Assurance



- Internal Audit have triangulated information to help ensure that it 'stacks up' and applied some constructive challenge on the assurance opinions being given **but** as accountability rests with management it is senior managers views that have determined the overall assurance status. This is in line with a control environment that promotes a culture where we:
 - take what we have been told on trust
 - encourages accountability with those responsible for managing the service
 - provide some independent challenge / insight where appropriate.
- Figure 2 shows the overall assurance levels 2015. There are a number of areas where there is a low level of assurance shown on critical activities or an 'unknown/gap' - these relate to:

Environment & Economy (Appendix A)

The following areas are where we were unable to co-ordinate the assurance information – the assurance level is therefore unknown.

- Fleet Management
- Environmental Management
- Operational Flood Management
- Road Safety Partnership

Finance & Public Protection (Appendix B)

- budget challenges
- implementation of new finance system (Agresso) - this has impacted assurances provided within the other Directors assurance reports.

Children's Services (Appendix C)

- delay in the implementation of the new case management system (MOSIAC)
- continuity of education for children excluded from school,
- closing the attainment gap (School Improvement Service)
- implementing the new framework re special educational needs and Post 16 Learners with learning difficulties and disabilities
- Implementation of admissions software

Public Health (Appendix D)

- Coroners

Adult Care (Appendix E)

- delay in the implementation of the new case management system (MOSIAC)

Information & Commissioning (Appendix F)

- ICT Governance – service reviews and improvement plans
- Information Security – records management
- ICT Service design – service catalogue, capacity management, information security management system
- ICT Service transition – service asset and configuration management
- ICT Operation – request fulfilment

Figure 2 – Overall Assurance Levels 2016

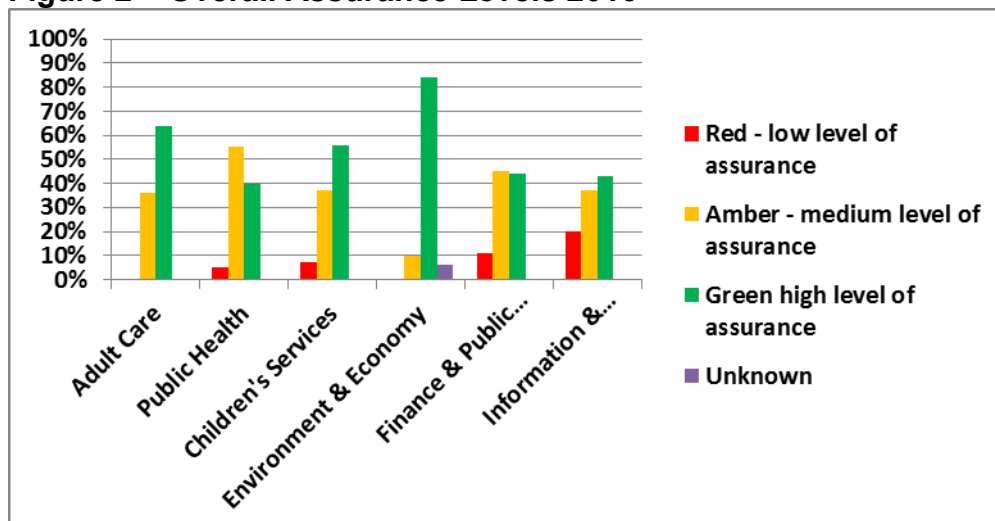
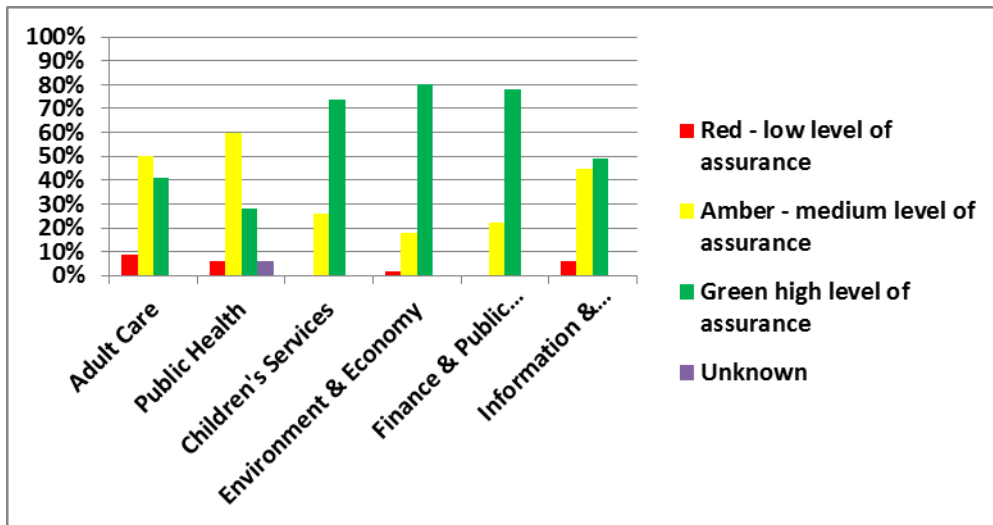


Figure 3 – Overall Assurance Levels 2015



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

Conclusion

6. Overall there continues to be a high level of positive assurance on our critical systems, key risks and projects. Analysis does show that the unrepresented changes facing the Council are having an impact on the assurances being provided – particularly around our business systems of Finance and IMT.
7. That said, there are 'no surprises' and the assurance framework remains strong demonstrating appropriate management oversight and monitoring.
8. The combined assurance reports provide the Committee with a good level of understanding about the level of assurances in place – supporting its 'watchdog' role and remit. In reviewing the Combined Assurance Status Reports the Committee may wish to consider:
 - Seeking direct assurance from management where there are unknowns or gaps on critical activities
 - The changes in the assurances being given and potential impact on the Council's governance, risk and control environment.
 - The level of confidence in the effectiveness of the Council's assurance arrangements.
9. The information obtained from the combined assurance model will:

- streamline and avoid duplication of effort where assurance can be drawn from a third party or other sources
- inform the Internal Annual Audit Plan 2016/17 by identifying where more independent assurance is required based on significance and risk.
- Help inform the Head of Audit annual audit opinion 2016.
- Help inform the development of the Council's Annual Governance Statement 2016.

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

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

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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

This page is intentionally left blank

Combined Assurance

Status Report Director for Environment & Economy



Contents

<i>Introduction</i>	1
<i>Key Messages</i>	2
<i>Critical Systems</i>	4
<i>Strategic Risks</i>	10
<i>Project</i>	12

Contact Details Richard Wills – Executive Director
richard.wills@lincolnshire.gov.uk

Introduction

This is the combined assurance report for the Council.

Working with management we have been able to update what assurances the Council currently has on the areas of the business that matter most – highlighting where there may be potential assurance ‘unknowns or gaps’.

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

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

Our aim is to give Senior Management and the Audit Committee an insight on assurances across all critical activities and key risks, making recommendations where we believe assurance needs to be stronger.

Scope

We gathered information on our:

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

Methodology

We have developed a combined assurance model which shows assurances across the entire Council, not just those from Internal Audit. We leverage assurance information from your ‘business as usual’ operations. Using the ‘3 lines of assurance’ concept:



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

We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.
- The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge **but** as accountability rests with the Senior Manager we used their overall assurance opinion.

Key Messages



A number of diverse services are grouped under the Executive Director for Environment and Economy. They relate to the governance of the County Council through his role as the Monitoring Officer, including accountabilities for Democratic Services and provision of a trading Legal Services function across the County; and those services providing the physical context in which people live namely the built infrastructure, the built and natural environment, and the economy. There are many synergies between these latter groups of services and in practice there is a lot of interaction between managers as they seek to get the most out of our resources. We also work closely with other partners who have similar objectives. At present there is significant emphasis on our contributions towards growth:

- Maximising the impact of revenue expenditure including GLEP National and European funding income;
- Directing a large capital programme towards infrastructure that will support growth including:
 - Road maintenance;
 - New road construction;
 - Economic regeneration infrastructure
- Managing flood risk;
- Influencing spatial development;

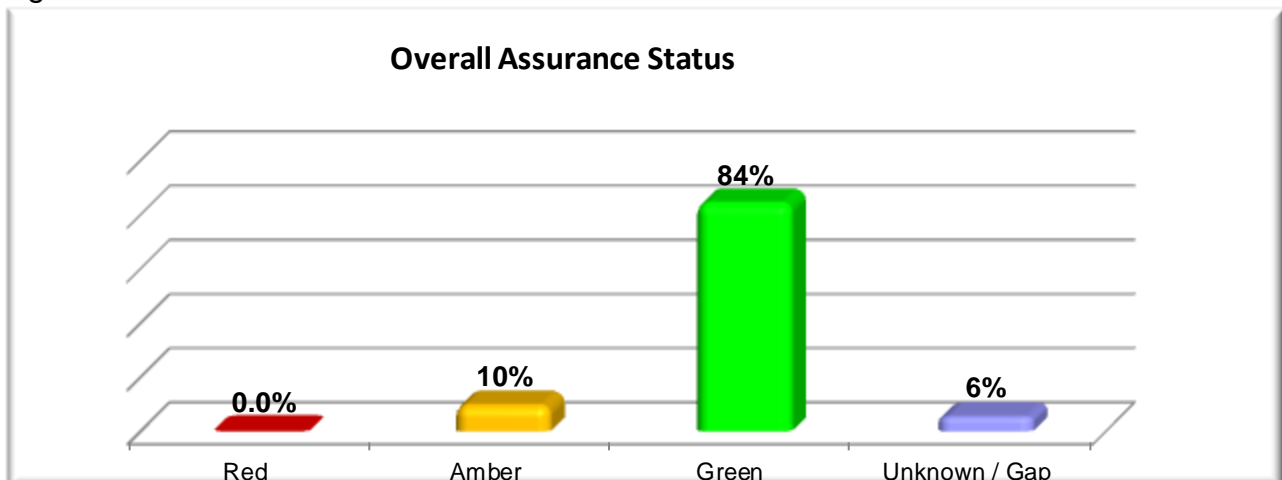
Economic growth, living with environmental change and maintaining our infrastructure are likely to be key drivers for these services over the next few years.

We also need to focus on maintaining our ability to deal with the unusual and emergency events as we move further into commissioning services.

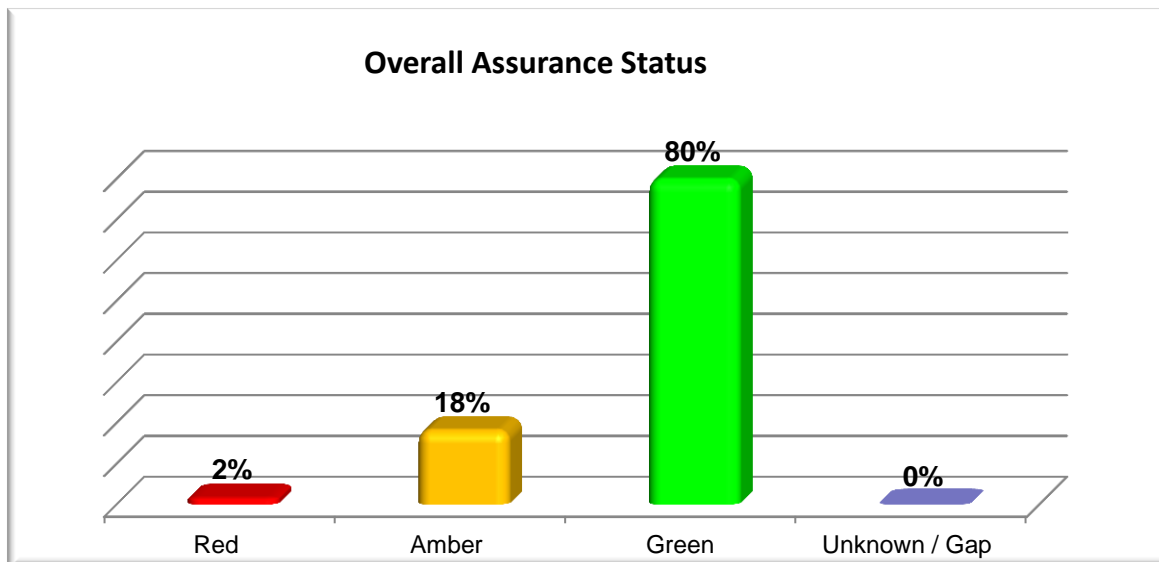
The managers in the Commissioning and in the Delivery disciplines meet regularly in order to ensure that progress is made against objectives, and managers regularly report to the Economic, Environmental, and Transportation scrutiny committees.

- Management structures are in place to scrutinise and manage performance
- High levels of external assurance are undertaken
- Regular progress reports are given to scrutiny committees

Figure 1 – Overall Assurance 2015/16



Overall Assurance 2014/15



Critical Systems

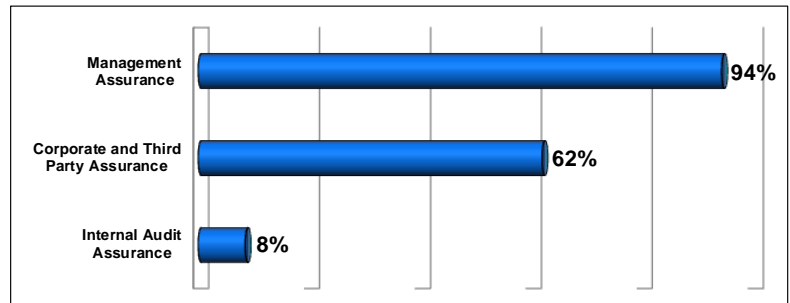
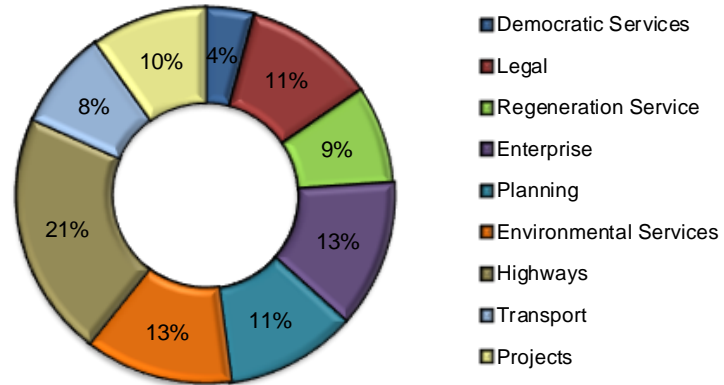


Managers within Environment and Economy are committed to commissioning and delivering services to a high quality.

Management team meetings regularly focus on service issues; clear objectives are set in the appraisal and performance management process; and progress is reported to committees.

Due to the way that services are funded in Environment and Economy (many of which receive external funding) there is a high level of external assurance.

Your Assurance Map

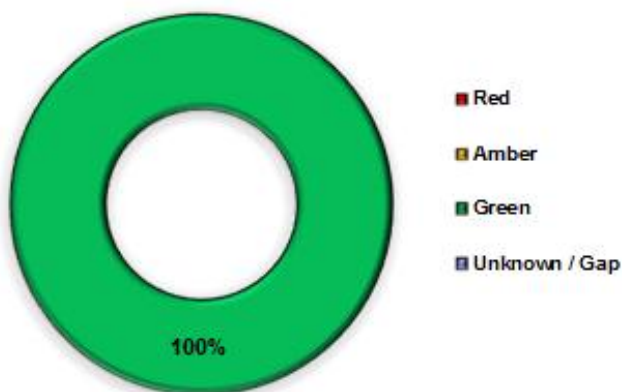
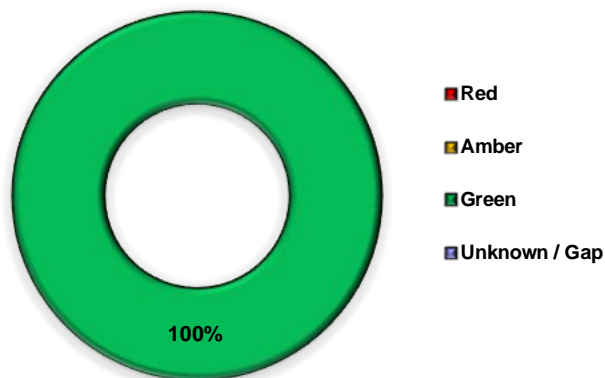


Democratic Services

Management take responsibility for assurance.

The services continue to operate effectively and a Charter for Member Development was successfully achieved in December 2014.

An independent review of scrutiny reported to Council in December 2015 and Council agreed a number of recommendations for continued improvement of scrutiny going forward.



Legal Services Lincolnshire

Management take responsibility for assurance.

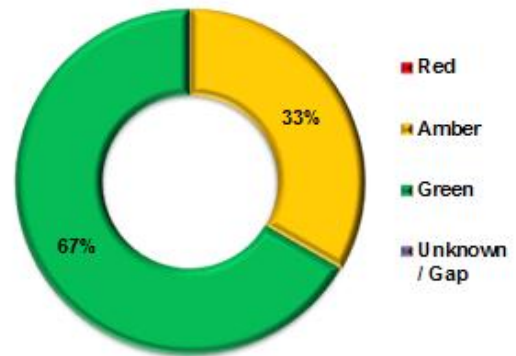
Accreditation to Lexcel, the Law Society's quality standard for practice management, was successfully renewed following a two day audit in September 2015.

Regeneration Service

Management take responsibility for assurance.

External funding supports most of the services delivered by Regeneration, and these services are therefore regularly audited externally.

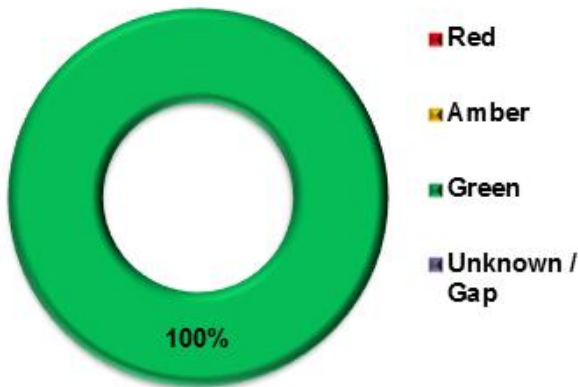
The amber status relates to concerns that the team have over their capacity to effectively manage the income and overall budget of the council's economic development sites and premises. This is part of a council-wide transition to a new financial system.



Enterprise

Management take responsibility for assurance.

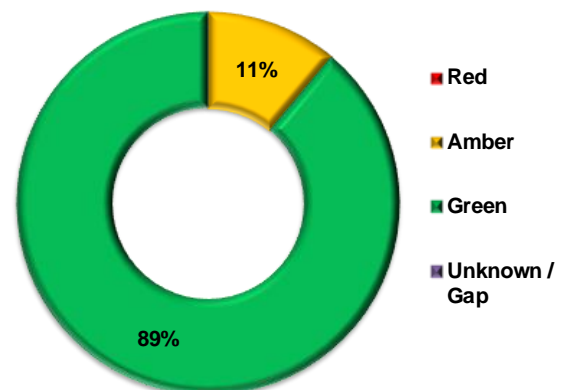
External funding supports most of the services delivered by Enterprise, and these services are therefore regularly audited externally.



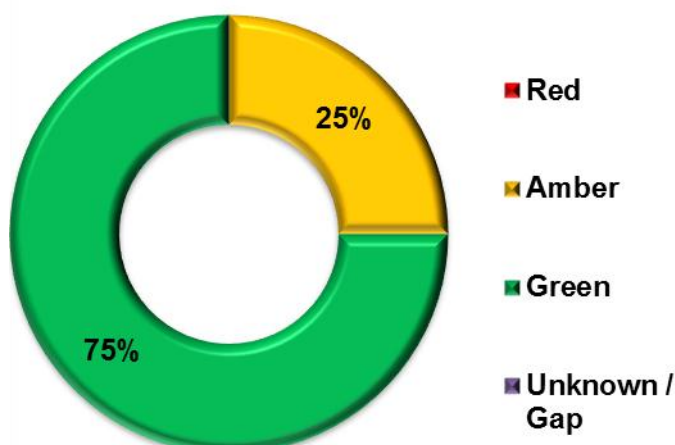
Environmental Services

The service has fully addressed all of the core activities of carbon management, carbon reduction commitment, reduction in landfill waste and strategic flood risk management within the service except the refresh of the waste strategy.

We will be working with the Districts over the next year and beyond to complete the waste strategy and achieve this assurance.



Planning



Planning activity undertaken by the county council can be considered to fall into 4 key areas:

Waste and Minerals Planning Authority Policy –the W&MLP core strategy was subject to an examination in public in October 2015 and further consultation non-modifications occurred in December 2015. The inspector's report is due early 2016 which will then enable formal adoption of the policy in 2016. Consultation occurred in Dec 2015 on the site allocations DPD which will proceed to a final version during 2016. The process is managed through an internal steering group and council approval for adoption of the final documents.

Waste and Minerals Planning Authority Development Management –decision making is controlled through a scheme of delegation from the Planning and Regulation Committee with key decisions made by the committee. Current government performance targets are being met and appeal successes confirm the appropriateness of local decision making.

District Council Local Plan preparation – as part of either formal partnerships (CL and SEL) or as a stakeholder (ELDC and SKDC)

the council is supporting the growth agenda. Formal governance arrangements are in place for the 2 partnerships (CL has been subject to an audit in 2015) and draft versions of the local plans have been referred to the relevant scrutiny committees. The plans themselves will be subject to examination in public.

Development management advice to district councils (Highways and lead Flood Risk Authority) –a new centralised service has been created to achieve efficiency, consistency, and move to a single point of contact. Resource pressures currently mean that we are failing to meet the majority of statutory 21 day responses to planning applications, and are unable to meet reasonable timescales in relation to approving s38 submissions. Staff recruitment should enable this to be addressed in 2016 along with revised service standards. The need to balance supporting the growth ambitions alongside the timeliness of advice to districts and developers is a current risk.

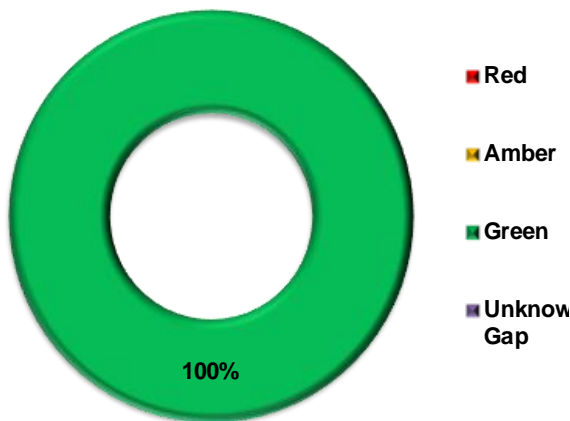
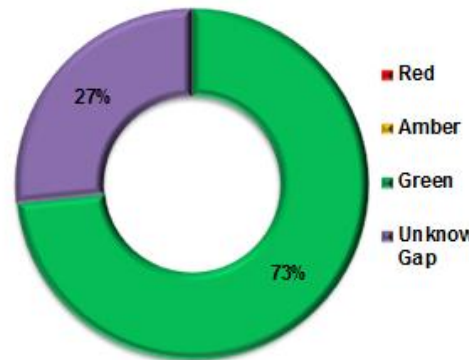
Highways

Management take responsibility for assurance.

Clear contracts with third parties within the Highways Alliance are in place, and external advice is being sought from Cranfield University on the efficiency of services.

A quarterly reporting system on scheme progress has now been put into place ("LTP Steering Group"), the Chief Operating Officer meets managers on a monthly basis, and the Infrastructure Commissioner monitors scheme progress.

Reports on major schemes are regularly taken to scrutiny committees.



Transport

Bus Punctuality, with the exception of Lincoln which has been affected by roadwork schemes, has continued to improve. Internal and external audits have been conducted on home to school and adult care services to validate the processes, safeguarding and procurement methods used in these areas.

Recent changes in the English National Concessionary Travel (ENCT) scheme has created an unforeseen budget pressure. Financial pressures will be heightened across the board once FBR efficiency savings are introduced, resulting in degraded transport services.

Suggested next steps.....

- There are no actions where it is considered necessary to seek additional assurance at this stage. Managers and Directors monitor progress regularly through the performance monitoring and 1-2-1 meetings. Regularly reports are also made to various Committees.
- There will be ongoing work to continue to:-
 - Embed the restructure with the Commissioning and delivery disciplines
 - Monitor operational and strategic risks as they arise and take appropriate action
 - Manage the delivery of key transport infrastructure schemes across the County
 - Respond to reduced revenue budgets
 - Engage effectively with partners to maximise economic benefits from projects
 - Take steps to implement a new waste strategy

Strategic Risks



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

Projects

Commissioning Strategy - Protecting & Sustaining the environment

Capacity and resilience to responding to, and recover from, wider area and prolonged emergencies and business disruption (e.g. coastal flooding / pandemic flu) impacting on public safety, continuity of critical functions and normal service delivery.

The Council is taking the following key actions to manage this risk – these include:

- Effective partnership working
- Implementation of work / schemes to address actions arising from flood events

Commissioning Strategy - Sustaining and Developing prosperity through infrastructure

Monitoring of designated management projects

A number of key projects aim to strengthen our infrastructure. For Environment and Economy these include:

- Major Highways Schemes
- Maintenance of highways asset
- Managing the transport system

These are monitored through our normal programme and project arrangements. Partnership working is key to ensuring delivery of some of these schemes and the use of project boards including those partners is critical to managing delivery

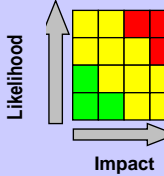
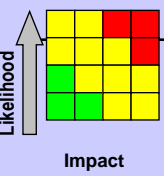
Commissioning strategy -Sustaining and growing business and the economy

The capacity for this strategy is a mixture of nationally funded activity which LCC seeks to influence and support, and locally funded activity which is either commissioned internally by LCC or from third parties. **Risks are associated with capacity of the team and partners, and with availability of funding.**

The Council is taking the following actions to manage these risks:

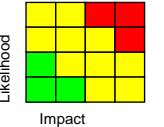
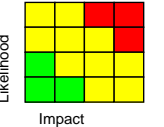

- Making strong applications for EU funding
- Supporting partners in strengthening their own organisations

Strategic Risk Register as at November 2015

Strategic Risks Assurance Map as at 30th November 2015	OWNER	RISK APPETITE	 CURRENT RISK SCORE	 TARGET RISK SCORE	DIRECTION OF TRAVEL	Management Assurance Status (Full, Substantial, Limited, No)	Corporate Functions & Third Party	Internal Audit	OVERALL ASSURANCE STATUS	COMMENTS
RAG Rating for level of assurance Red (R)/Amber (A)/Green (G)										

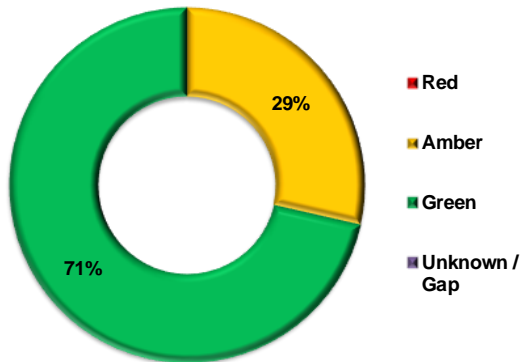
Page 37

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

Projects Monitoring of designated major projects	Richard Wills	Hungry (Projects & Major change - Need to be innovative and take higher risks for greater reward - high levels of devolved authority - management by trust rather than tight control - 'break the mould' and challenge current working practices)	 Likelihood Impact	 Likelihood Impact	 Static	G	Unknown	Unknown	G	Work is underway at reviewing the key projects of the Council and an overall score, however an overall opinion is substantial assurance due to the robust governance placed on projects.
--	---------------	---	--	---	---	---	---------	---------	---	--

Strategic risk management is reviewed on a regular basis by the council's leadership team

Key Projects in Economy and Environment



Lincoln east west link road - phase 1 - green

This project is on track with a works contract awarded and construction started on site on 3 November 2014.

Spalding western relief road – phase 2 & 3 – Green

The Local Plan not progressing at the pace anticipated. Submission of the Local Plan for consultation was planned for the end on 2015 and this will help the next steps of planning the project to be taken.

Grantham Southern relief road – Green

A Planning permission was granted for the Southern Quadrant Link Road in late 2013 but a third party developer triggered a Judicial Review and an appeal to the judgement was taken to the High Court. Delivery has been hampered by the judicial review process.

A substantive start has been made on the King 31 section of the Grantham Southern Relief Road.

Lincoln Eastern bypass - Green

2nd public enquiry held in summer 2015, and outcome expected spring 2016.

Boston Barrier – Green

This is principally a flood risk management project and is being delivered by the Environment Agency and the project remains on programme for delivery by the end of December 2019.

Lead local flood authority responsibilities – Amber

A new centralised service has been created to achieve efficiency, consistency, and move to a single point of contact. Resource pressures currently mean that we are failing to meet the majority of statutory 21 day responses to planning applications, and are unable to meet reasonable timescales in relation to approving s38 submissions. Staff recruitment should enable this to be addressed in 2016 along with revised service standards. The need to balance supporting the growth ambitions alongside the timeliness of advice to districts and developers is a current risk.

What Managers are doing:

- Setting clear objectives for staff and contractors
- Monitoring progress regularly, both within teams and across services
- Reporting to scrutiny committees

This page is intentionally left blank

Combined Assurance

Status Report Finance & Public Protection



Date: December 2015

Contents

<i>Introduction</i>	3/23
<i>Key Messages</i>	4/23
<i>Next Steps</i>	5/23
<i>Critical Systems</i>	6/23
<i>Strategic Risks</i>	20/23
<i>Projects</i>	23/23

Contact Pete Moore – Executive Director
Details: pete.moore@lincolnshire.gov.uk

1. Introduction

This is the fourth combined assurance report for Finance and Public Protection.

Working with management we have been able to show what assurances the Council currently has on the areas of the business that matter most – highlighting where there may be potential assurance ‘unknowns or gaps’.

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

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

Our aim is to give Senior Management and the Audit Committee an insight on assurances across all critical activities and key risks, making recommendations where we believe assurance needs to be stronger.

Scope

We gathered information on our:

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

Methodology

We have developed a combined assurance model which shows assurances across the entire Council, not just those from Internal Audit. We leverage assurance information from your ‘business as usual’ operations. Using the ‘3 lines of assurance’ concept:



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

We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.
- The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge **but** as accountability rests with the Senior Manager we used their overall assurance opinion.

2. Key Messages



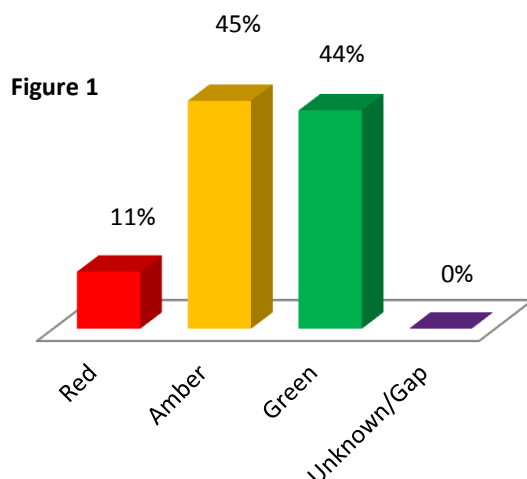
The Finance & Public Protection directorate continues to provide or commission a mix of front line services, corporate support and also provides assurance to the Council in the way it is governed and carries out its duties. The latter includes the work of the Finance function and Corporate Audit as well as through the general management of our services. We utilise the Council's standard approaches to assessing risks and seeking assurance, including management review, use of corporate systems and processes and independent review through internal / external audit and through other inspection regimes and peer review.

Our services continue to go through a period of change and that will continue as the Council as a whole needs to adjust to the considerable challenges posed by the continued and very significant reductions in Government financial support, which were announced in December 2015. In future that will have implications for the whole Council in terms of what services can be afforded / delivered, how services are delivered and the levels of risk that the Council is prepared to take and how those risks are managed. The latter may also mean in the future that some aspects of risk and governance assurance is lighter touch or done in a different way. For example, there may be some reductions in overall internal audit coverage.

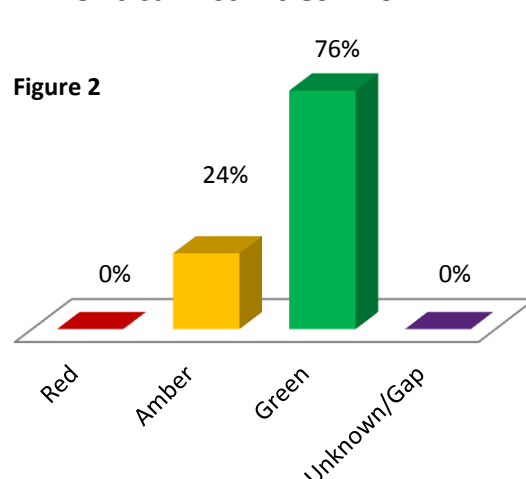
There have been two significant transitions to new support contracts from April 2015. The first one is with VINCI / Mouchel for day to day property management and also property capital services. In general terms the transition to that new contract has gone well and some improvements already have been put in place.

The second support contract is with Serco, which includes exchequer services, HR, Payroll, IT and the implementation and support of the corporate Agresso system, which replaced the SAP system. This has not gone well and, whilst improvements are being made month and month by Serco, there is still a considerable amount of work to be done to ensure that there is a stable and fully functional system platform and that all historical issues have been resolved. It is essential that work is completed within this financial year to ensure a smooth closure of accurate and up to date accounts. These problems have inevitably caused additional work and distractions, particularly for business support and finance staff, and it is only in recent months that it has been possible to run some budget monitoring reports from the Agresso system. The above factors have had inevitable implications for our updated assurance assessments, with a decrease in the level of assurances compared with twelve months earlier. We will continue to work to improve that situation over the next twelve months.

**Overall Assurance Status
Critical Activities - 2015**



**Overall Assurance Status
Critical Activities - 2014**



3. Next Steps

The key challenges over the forthcoming period have been summarised in the preceding Key Messages section together with the following specific service summaries.

The most critical areas will be the continued work on:

1. The resolution of all outstanding issues associated with the implementation of the Agresso system. The Council has in recent months put in additional mechanisms to monitor / scrutinise the progress of this work, including a Recovery Board which comprises senior officers of the Council and members from both the Council's Executive and Audit and Value for Money Committees.
2. Continued work to address the forward budget challenges for the Council beyond 2016/17 arising from the Spending Review and Local Government Settlement announcements in late 2015. That will have further implications and challenges for all the Council's services, including those provided by this directorate.

Pete Moore
Executive Director for Finance and Public Protection
January 2016

4. Critical Systems



Assurance around the critical activities and systems identified for Finance and Public Protection has been affected by the implementation of the Agresso system from April. This has impacted on levels of management assurance with a reduced number of areas classified as 'green' with a swing towards 'amber' and 'red' (please refer to Figures 1& 2 on Page 4 of this report).

Some critical activities continue to be supported by corporate or third party assurance. These may be provided through regular reports submitted to Scrutiny Committees or processes such as Peer Reviews.

Assurance is also provided through reviews conducted by Corporate Audit and Risk Management. This provides independent oversight and added value through recommendations made for improvement and complements any external reviews or inspections carried out. Any recommendations made are monitored to ensure implementation with progress reported to the Audit Committee.

Figure 3

Finance & Public Protection Distribution of Assurance

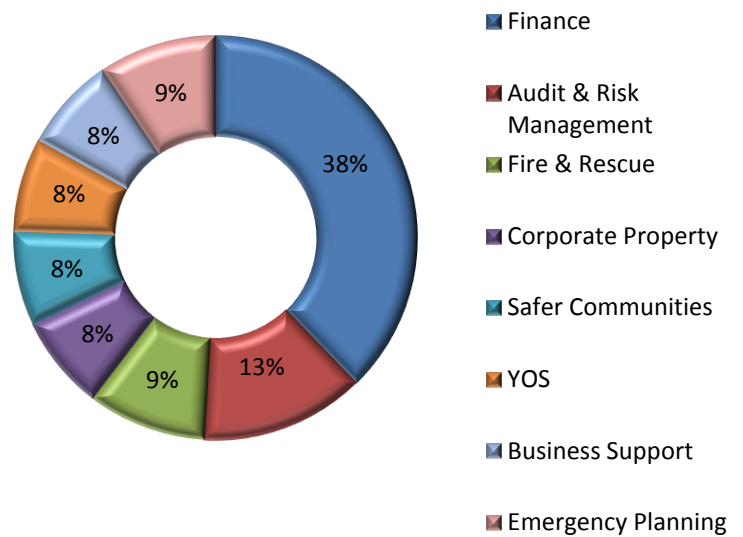
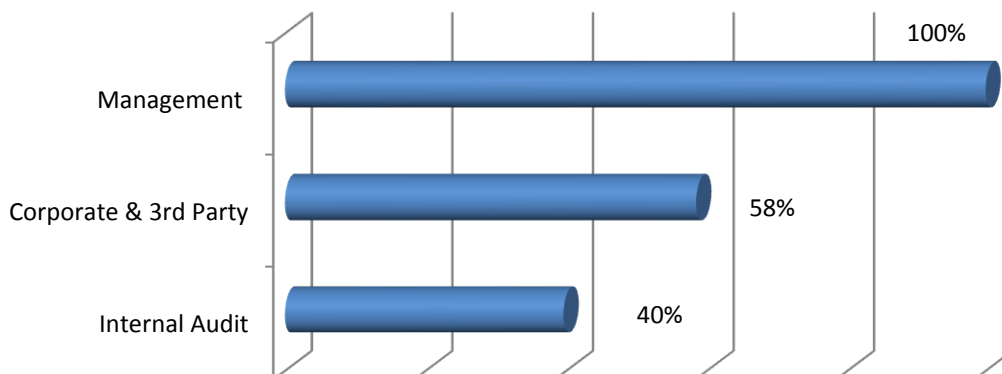


Figure 4

Who Provides Your Assurance



Finance

The financial control regime within the Council has weakened materially over the past year. The replacement of SAP with Agresso as the prime financial system, in combination with related changes in business processes, has been the source of this deterioration.

In hindsight the Council and its strategic partner, Serco, went live with the Agresso system without sufficient testing and refinement of the related business processes. This has resulted in significant complications and errors occurring particularly in the prime payment systems of payroll and accounts payable.

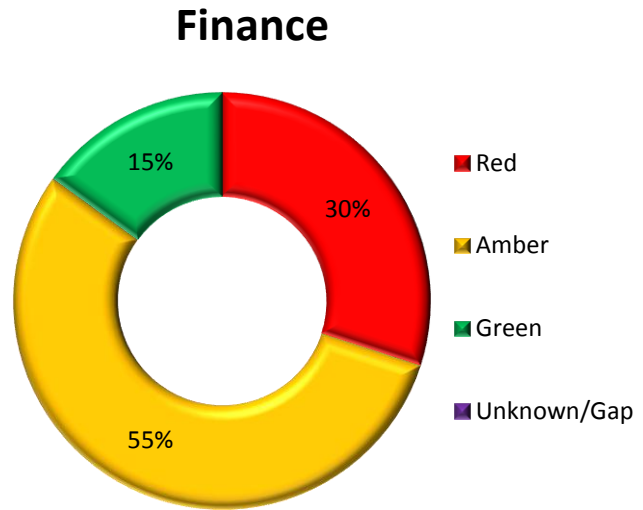


Figure 5

There have been consequential difficulties in keeping the ledger up to date and making payments with supporting information to key external agencies such as the HMRC and pension schemes. Budget monitoring was not possible until after seven months of the year had elapsed.

Significant resources have been devoted by the Council, Serco and their sub-contractors to rectify the problems and genuinely positive progress is now being made towards having robust systems and a related strong internal control regime in place.

A Recovery Board comprising senior officers and members is overseeing the delivery of a rectification plan. The clear intention is for all material issues to be resolved within the current financial year and for the accounts closure process to be both timely and lead to the receipt of an unqualified external audit opinion on the financial statements.

The vast majority of red and amber ratings in the analysis relate to Agresso sourced problems which are presently being rectified.

Overall assurances for the critical activities within Finance are:

Green	Amber	Red
Pensions Fund	Financial Strategy	Accounts Payable
Capital Programme	Budget Preparation	Payroll
Contract Management	Budget Management	VAT
	Debtors	General Ledger
	Income	Tax Compliance
	Pensions Administration	Accountancy close down
	Bank Reconciliation	
	Treasury Management	
	Grant Income and claims	
	Accountancy	
	Agresso recovery	

Audit & Risk Management

Combined Assurance - Audit & Risk Management

The Audit & Risk Management service sits within the 'How We Do Our Business' Commissioning Strategy. It aims to provide insight and assurance that the Council is being run well – promoting public confidence in the work we do and services provided.

The service implemented a new structure on the 1st October 2015 – delivering the required savings determined in the fundamental budget. The new structure will ultimately enable us to be more resilient in the longer term – with highly motivated, appropriately skilled and experienced people.

Audit & Risk Management

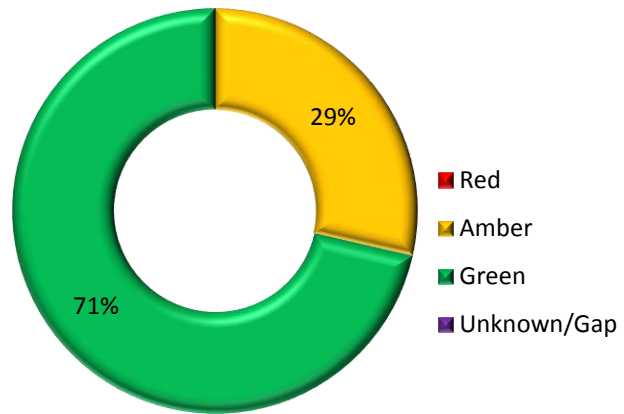


Figure 6

That said, there will be a period of transition as we move into the new structure and this process will evolve as new roles and responsibilities become embedded and fully understood. Our delivery plans for 2015/16 are being amended accordingly – in consultation with senior management.

We are currently going through recruitment processes and our aim is to have a fully resourced team and all people in place from the 1st April 2016.

There are a number of key risks facing the service – these are:-

- Loss of income – a key element in balancing our budget. Our business strategy aims to manage this risk and minimise the impact on service delivery, people and money.
- Being able to recruit appropriately skilled and experienced people – a number of recent recruitment exercises proved disappointing – with no appointments. Our plan is to 'grow our own' through the introduction of a 'career grade' and apprenticeships.

Overall, the Audit and Risk Service continues to provide an effective and responsive assurance to the Council – working well with senior and operational management.

We have 5 key assurance specialisms, namely:

Internal Audit – Green

Our performance and delivery is monitored by the Executive Director – Pete Moore and the Audit Committee. They have assessed the service as effective and conforming to the Public Sector Internal Audit Standards. Client feedback continues to give the team positive feedback on the value of our work – good to excellent.

Since 2010 the internal audit plan has reduced by 39% - the current resource level is deemed to be nearing the minimum necessary to meet the statutory requirement to provide an effective internal audit to the Council

The annual internal audit plan has been revised to reflect changing priorities and the fact that

Combined Assurance – Status Report

we are carrying some vacancies at the moment – however, it is not anticipated that this will impact on the ability of the Audit and Risk Manager (Head of Internal Audit) to give the required annual audit opinion.

Counter Fraud – Green

Our counter fraud arrangements remain effective. Our small team delivers a proactive work plan – which is monitored through the Audit Committee.

We lead and co-ordinate the Lincolnshire Fraud Partnership, which was established in 2015 to create a county-wide anti-fraud approach. We received funding of £200k last year – so far we have realised benefits in excess of £500k.

Risk Management – Green

As part of the service review we increased the capacity of the team – from 1 to 2 posts. This is strengthening support to the Council at a time of continued change - where taking informed decisions based on quality, cost and risk will be vital. Our team will focus on supporting the business through:

- Advising on the revision of the risk management strategy
- Providing risk management guidance, tools and training
- Co-ordinating risk management information / oversight on the strategic and operational risk registers

Health & Safety – Green

The transfer of staff from Mouchel with effect from 1st April 2015 gave us the opportunity to review the roles and remit within the Health and Safety team. The new structure recognises that roles and remits have changed - this is in response to the changing shape of the Council and takes into account the different levels of tasks, skills and experience required to fulfil the future operational requirements. Overall capacity has remained unchanged.

We work closely with senior and operational managers to ensure the effective deployment of resources and find solutions that uphold the spirit and intent of health and safety law yet ensure that we maintain a 'sensible' approach.

Our health and safety arrangements remain effective with our annual report monitored through the Value for Money Scrutiny Committee.

Insurance - Amber

The assurance status over the insurance team remains at Amber. Progress has been made through the appointment of a competent and experienced Insurance Manager – but there remains much to do given the workloads. Our focus is to review the insurance programme – keeping premium costs as low as we can. A tender exercise is underway – this is likely to result in a review of our insurance strategy and the levels of risk the council is prepared to accept, self-insure or not insure at all.

Fire & Rescue

Lincolnshire Fire and Rescue’s mission is to make Lincolnshire a safer place to live, work and visit. The Service’s Integrated Risk Management Planning (IRMP) process is the method by which it undertakes risk analysis, develops strategies and delivery mechanisms and provides assurance of activities in support of its mission.

Two key planning documents form part of the IRMP process: the 3-year IRMP Baseline Document and the IRMP Annual Action Plan (referred to as the Service Plan).

The IRMP Baseline Document is reviewed every 3 years. It identifies key community and corporate risks and outlines the strategies for mitigating those risks. The annual Service Plan provides detail on how the Service delivers these strategies. A number of objectives are described within the Service Plan, as are the subordinate tasks and activities which the Service is required to undertake. Progress against each of the objectives is reported on a quarterly basis to the Performance Management Board.

Formal management assurance is also conducted through monthly Service Management Board and 8-weekly Programme Management Board meetings. These focus on strategic direction, policy implementation, service change and managing organisational performance.

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

In accordance with the Fire and Rescue National Framework for England the Service produces the annual Statement of Assurance covering financial, governance and operational matters. The Statement of Assurance 2014-15 was published in November 2015 following submission to the Community and Public Safety Scrutiny Committee.

Third party assurance is drawn from a range of sources. Examples include:

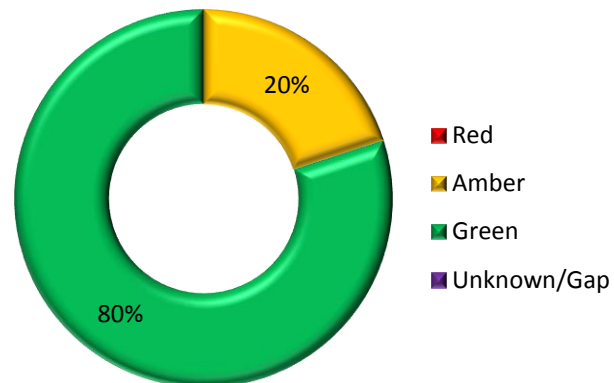
- the Local Government Association and Chief Fire Officer Peer Challenge conducted in October 2012;
- assessment of the Service’s national resilience capabilities by the National Resilience Assurance Team in July 2014;
- accreditation of the Service’s quality assurance framework by Skills for Justice Awards and endorsement of 2 key training courses by SkillsMark® in October 2014
- annual quality review of the Prince’s Trust Team Programme in June 2015.

Corporate risk areas include the continued development of Information Communications Technology to meet the needs of the Service; the impact of Agresso; reduced capacity from both the centre and within the Service; and future budget pressures.

All critical activities are rated as Green with the exception of Resourcing (Amber).

Figure 7

Fire & Rescue



Emergency Planning & Business Continuity

The County Council must be able to maintain its own critical functions during any disruption to business, and has a number of lead roles and responsibilities in any civil emergency. These include the welfare of victims and evacuees, provision of emergency shelter, co-ordination of the voluntary sector and also a community leadership role. The council would also lead on all recovery efforts. We must also have plans in place to restore impacted critical services in the event of disruptive or emergency events.

Emergency Planning & Business Continuity

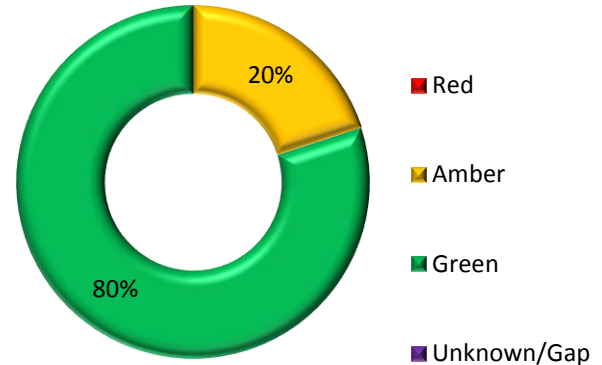


Figure 8

The council continues to build resilience and capacity to meet its duties, including arrangements for mutual aid from neighbouring counties and district & borough authorities, and further strengthening of our ‘command, control and coordination’, especially at the tactical (Silver) and Operational (Bronze) levels. We have continued to work with both the organised voluntary sector and communities to strengthen local responses that can complement the council’s roles and responsibilities.

We continue to be a key contributor to the design and delivery of multi-agency training & exercising in the county, which is essential to testing plans, rehearsing people in key roles and enhancing arrangements for multi-agency coordination in the county.

The service continues to have an influence on national resilience planning and policy. This includes its ongoing work with lead Government departments, flood risk agencies and other coastal counties to coordinate responses to Tidal Surge, and develop good practice in relation to the coordination of the voluntary sector (including ‘spontaneous volunteers’) on behalf of all partners.

The council remains the driving force behind the Local Resilience Forum (LRF), a partnership held in high regard nationally, and which has just re-published its strategy & business plan for the next 3 years. This partnership continues to be well led by the Chief Constable assisted by Chief Fire Officer, Executive Director and Director of Public Health. There remains excellent commitment at senior and political level (including scrutiny) within the council for the resilience agenda.

Priorities going forward include:

- Strengthening the resilience and preparedness of the health & social care sector (especially care providers)
- Determining roles and responsibilities for IT disaster recovery, and exercising those arrangements at an early opportunity
- Identification of further joint working and collaboration opportunities with partners within the county and on a wider ‘footprint’, including examining the impact of a successful ‘Greater Lincolnshire’ devolution bid

Overall assurances provided:

- Duties relating to the Civil Contingencies Act and other hazard – Green
- Emergency Planning provision to District Councils – Green
- Lincolnshire Resilience Forum – Green
- Promotion to voluntary sector and businesses – Green
- Business Continuity - Amber

Corporate Property

Property Strategy (Green)

Clear property governance remains in place with the Property Board held monthly with the Executive Member and Executive Director for decision making. Property strategy is reported to VFM scrutiny committee. Property activity is being programme managed with VINCI mouchel in a joint programme management approach. Regular reviews take place of property in a locality through an area review process to identify efficient ways of providing property to deliver services and identify properties which are surplus to requirements. The Corporate asset management plan will be reviewed again in mid 2016.

Corporate Property

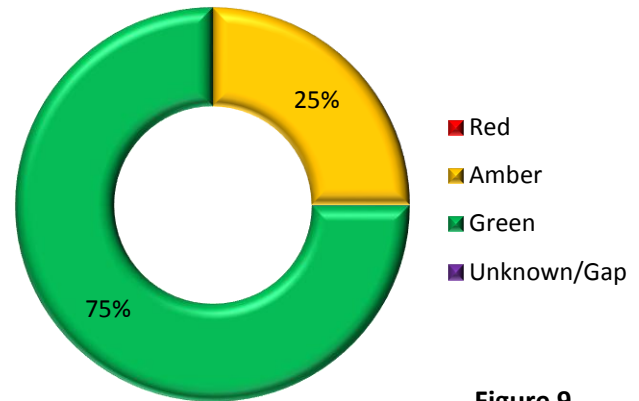


Figure 9

Contract Management (Green)

The VINCI mouchel contract was successfully mobilised on 1st April 2015 and business as usual maintained and the new Concerto database implemented on day 1 successfully. A continuous improvement programme is in place covering all areas of the contract. The new contract includes a payment pain and gain mechanism linked to performance

Property Management (Amber)

The centrally managed estate is managed by Corporate Property in conjunction with VINCI mouchel and there is good control in the new contract with 20 KPI's supporting a range of performance areas including health and safety.

Directorate estates are supported by Corporate Property working with VINCI mouchel to help improve their property management. The Corporate Landlord approach is to identify all property spend by April 2016, this work is underway, however, due to issues with Agresso it is not yet known whether this data will be available by the target date. Hence this area of activity has been rated as Amber

Health & Safety is a key component of the new VINCI mouchel contract with enhanced performance measures for compliance activities and the new Concerto property database assists in identifying areas of non-compliance

County Farms (Green)

The farms estate continues to be managed on a commercial basis working with Savills as agents. The approach is to:

- Maximise income (rents)
- Maximise capital receipts (sales)
- Amalgamate holdings
- Modernise and replace buildings

Clear governance is in place with the Executive Member for Finance and Property and Executive Director. There is an advisory Members panel who provide farms advise to the Executive Member

Business Support

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

Child & Adult Safeguarding Conferences – Green

Support provision to Child Protection and Adult Safeguarding is a core function of Business Support. Extensive work has been completed with both Adult Care and Children’s Services with a critical specialist team in place to support regulated conferences and meetings to ensure core performance targets are achieved. Workflow is regularly monitored and improvements are continually made to ensure production of quality case reports and improve statutory reporting. A comprehensive training programme for staff is in place across Business Support to ensure appropriate skills are in place.

The Blue Badge service is operated through Business Support providing disabled parking badges to the public of Lincolnshire. The service continues to be reviewed and improved. Additional staff are cross trained to increase resource availability to deal with peaks in workflows. Blue Badges are input into a national database (BBIS) providing management data on volumes of workload and levels of activity to ensure the service is robust with additional local reporting to ensure service targets are achieved. Work is also ongoing across partners to improve enforcement of Blue Badges and to reduce fraud and misuse.

Purchasing & Requisitioning - Amber

During 2015 Agresso was implemented which changed the way Business Support provides its financial support functions. Support services have been realigned to provide local requisitioning functions and training for appropriate staff has been undertaken. Where issues are encountered actions are taken to address these through further support and training. Serco provide regular reports to Business Support managers to identify where there may be blockages in invoice payment or backlogs due to capacity, and these are addressed through usage of substitutes or reallocation of work.

Income Management – Amber

In addition Agresso has required a change to how income (Imprest and cash receipts) is handled across the Council, impacting upon processes, knowledge and skills. Plans are being developed to increase knowledge and skills in the new processes and how to use Agresso correctly to record income. Audits by managers are being reinforced.

Business Support

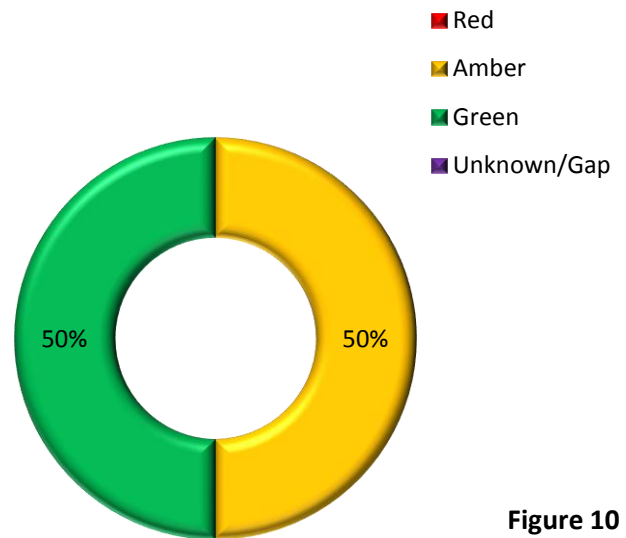


Figure 10

Combined Assurance – Status Report

Audits of Customer Finances - Green

Elements of Customer Finance Team activities (Financial Assessment and Direct Payment processing) were transferred to Serco in April 2015. The resultant team now focuses on audit and verification of financial assessment and direct payments and in recovering overpaid or unused monies from service users. The team has been strengthened through increased resource and skills development and performance consistently exceeds critical performance indicators which are regularly reported to Adult Care.

An emerging risk will be felt through the impact of the Fundamental Budget Review and the requirements to make significant savings which as the potential to cause significant disruption and impact on staff morale during a period of intense change. It is likely this will lead to higher levels of turnover so destabilising Business Support services. This is being managed by close working with service areas to understand and redefine their future support needs and in the proposed change of strategy across business support to become a commissioned provider of business support services across the authority, and with potential partners. These changes are strongly linked with Corporate Property who are leading the Councils property review which will see a rationalisation of sites and an opportunity to co-locate support staff together to enable efficiencies to be realised.

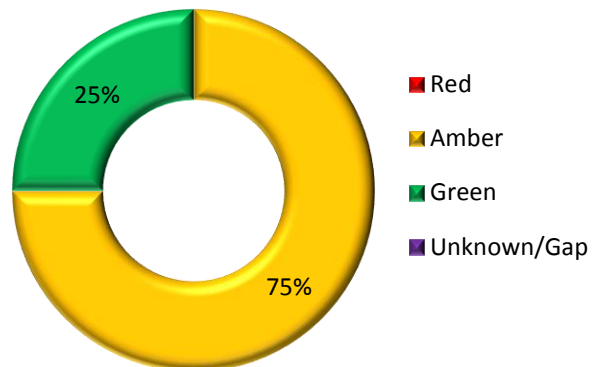
Safer Communities

Commissioned Services and Contract Management - Amber

The contract management of solely commissioned projects is sound. Risk increases when jointly commissioned projects including those with high interdependencies with other commissioners, primarily Public Health and the Police and Crime Commissioner. From 2016 significant budget reductions for the commissioning on community safety delivery will require decommissioning of a number of work streams. The key risks are around PCSO's which may cause some reputational and political disquiet and Domestic Abuse which does have some safeguarding risk to victims.

Figure 11

Safer Communities



Trading Standards - Amber

The reduction in budgets of over 50% in the last 4 years has been managed through staff shrinkage, which in turn has meant detailed demand management through priority setting and a tasking process. The tasking process is a monthly process which uses a scoring system to "task" out work that meets a specific threshold. This process allows a record of work that cannot be tasked due to resource pressures. 2015/16 has seen a greater reliance on income to balance the budget. This reliance will increase further in 2016. This is a managed risk in maintaining a sufficient skill base, to generate income whilst balancing our ability to perform minimum statutory functions and target priority enforcement areas. This is classified red due to this risky approach. Reserves are available to cover the risk in 2016 but if the model is not being fulfilled to expectation it will be reviewed for 2016/17. The red rating also reflects the minimum service level that is currently available and thus posing safeguarding risks around supporting victims of rogue traders, particularly scams and doorstep criminals.

Safeguarding and Partnerships - Green

The Lincolnshire Community Safety Partnership is fairly robust - attendance and activity is high. Work is on-going to ensure overlaps and gaps are identified across other key partnership boards such as Adult and Child Safeguarding. The business managers for each of these boards are working well together. A key success over the last year has been the provision of analytical products that have shed light on the cause and profile of issues such as Domestic Abuse, Hate Crime and Offending. This analysis has allowed services to be directed appropriately and has informed the commissioning cycle.

Criminal Justice including PCC - Amber

Work towards the devolution offer to central government illustrated the close join up between most of the criminal justice bodies in the county including the prisons. This join up needs to be exploited further to reduce offending across the county.

2016 will see the first reselection process for Police and Crime Commissioners across the country. This does bring some risks due to the interdependencies across the commissioning landscape particularly on safeguarding and support to victims.

Youth Offending

Over recent years there have been excellent successes both locally and nationally in addressing youth crime and this has undoubtedly contributed to improved longer term outcomes for children and young people. The crime statistics evidence that within Lincolnshire this has contributed to enhanced community safety and significantly reduced the likelihood of being a victim of crime committed by children and young people.

The governance for the YOS is provided by a multi-agency management board which monitors performance against agreed business measures. The inspectorate of the service is undertaken on a risk based approach by HMIP to national standards and benchmarks.

Service Delivery – Amber

A short quality inspection was undertaken in Lincolnshire between 30th November 2015 and 2nd December 2015 and will be published in January 2016. On 11th September 2015 the Justice Secretary Michael Gove announced that he has commissioned a national review of youth justice services. The review is intended to consider current evidence and practice in preventing youth crime and rehabilitating young offenders; he will explore how the youth justice system can most effectively interact with wider services for children and young people; and will consider whether the current arrangements are fit for purpose.

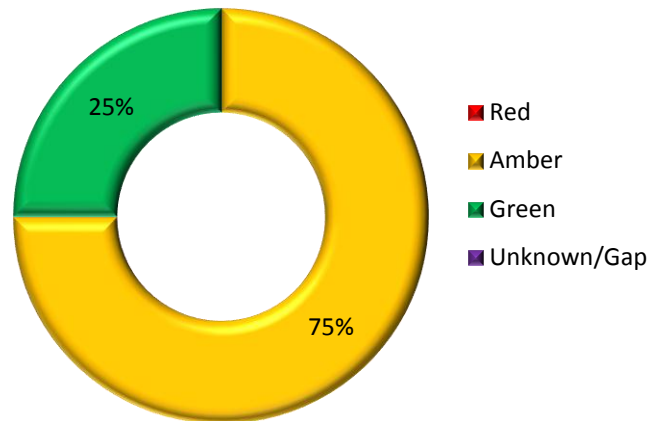
YOS Funding – Amber

Following the Fundamental Budget Review within Lincolnshire County Council in 2015, the Youth Offending Service has re-structured in order to absorb an overall reduction of £300,000 in its core funding from the local authority, Police and Crime Commissioner and the Youth Justice Board. This has resulted in a reduction of approximately 10 full time equivalent staff members across all grades including a complete revision of the management structure. Staffing reductions were achieved through both voluntary and compulsory redundancies. The multi-agency composition of the YOS is currently under some degree of threat through pressures on partner agencies such as Police, Health and Probation. This must be factored into future staffing projections to ensure risks are sufficiently addressed.

It is clear that the service is operating within an extremely challenging financial context with budgetary pressures being exerted upon the entire Youth Offending Service core funding sources. The ability of Lincolnshire Youth Offending Service to absorb future funding reductions without compromising service delivery is influenced by a number of factors. These include the recent re-structure and uncertainty around the local authority grant commitment and locally negotiated funding settlements with the Police and Crime Commissioner. There is now a very clear reality that future funding reductions will inevitably correlate with staffing reductions whilst the service strives to deliver within a significant geographical area.

Figure 12

Youth Offending Service



Combined Assurance – Status Report

In reflecting current performance the rate of re-offending for children and young people in Lincolnshire (those that re-offend within a 12 month period following their initial offence) sits at 29.3% against a regional comparison of 33% and a national re-offending rate of 37%. The number of first time entrants within Lincolnshire has seen a very slight increase in the last quarter. Whilst this rate can be influenced by Police charge decisions and the use of restorative options, it can also be supported by intelligence led preventative approach. The current custody rates in Lincolnshire portray a positive picture and reflect the overall national reduction of young people in custody. Nationally there is a renewed focus on securing improved outcomes for young people leaving custody.

The need to generate savings has meant the Youth Offending Service will be required to operate with an overall reduction in core funding amounting to approximately £300,000 for 2015/16. However, those risks are heightened within this financial year as the Youth Justice Board are currently consulting with all Youth Offending Services regarding the need to generate further in year (2015-16) national savings of approximately £12 million. The early indications are this may represent a further individual 14% budget reduction in service funding (approximately £125,000 for Lincolnshire) on top of the 7.5% savings announced in April 2015.

Lincolnshire Youth Offending Service has played a central role in highlighting the issues of young people placed in Lincolnshire by other local authorities. These numbers appear to be increasing as does the subsequent demand on Police, Health, YOS and Children's Services. A task and finish group has been established through the strategic safeguarding board to establish a clear protocol to minimise the criminalisation of children in care. This will place clear responsibilities on care providers to demonstrate accountability and appropriately manage children before seeking Police involvement.

Remand Management – Green

Remand management continues to represent a significant financial risk for the wider organisation. The cost of young people being remanded to youth detention accommodation can be as much as £700.00 per person each night. This cost is passed back in full to the local authority with young people on remand also acquiring Looked after Children (LAC) status - placing both a financial and resources burden upon the YOS and Children's Services. During 2014/15 a high profile case brought six young people into the Court system. Having been charged with grave offences the potential to be remanded into custody for an extensive period was extremely high. However, through effective partnership working with both Children's Services and the Police this risk was mitigated and avoided youth detention costs of nearly £1m over a nine month period.

Prevention – Amber

During this performance year prevention work has accounted for, on average, 25% of the total caseload. The criteria for YOS prevention activity has recently been refreshed to ensure a more targeted response to emerging concerns/ behaviours. The screening of prevention referrals has been centralised to ensure consistency in decision-making, with direct input from seconded Police Officers to ensure all available information is taken into account in the decision making process.

Combined Assurance – Status Report

To be truly effective the service must always endeavour to make a meaningful and positive difference in the lives of children and young people we supervise, but also intervene at the earliest possible opportunity. There are concerns that financial pressures may force many services to focus predominantly on statutory work and this could be to the detriment of widening prevention activity and capturing the undoubted social and economic benefits that exist through early engagement. Work within early intervention carries opportunities and can generate significant benefits in respect of minimising disruptive behaviour in school, exclusion or anti-social behaviour. Adopting a future focus and reducing demand on statutory services is more critical than ever as the resilience to a significant workload spike is now questionable

5. Strategic Risks

Resilience (Business Continuity)

Existing controls are in place – for example Flood Risk drainage management strategy and commissioning through effective partnership working.

The Council are also developing further controls to address its strategic risks in this area. These include implementation of Senior Management Command arrangements and retention of sufficient capacity to meet the Council's duties as a category 1 responder. Training is also being delivered to those in command and business recovery roles and preparedness for emergencies is also currently under review. The direction of travel against this strategic risk is improving.

Budget

As noted within the Next Steps section of this report work is continuing to address the forward budget challenges for the Council beyond 2016/17 arising from the Spending Review and Local Government Settlement announcements in late 2015. There will be further implications and challenges for all the Council's services, including those provided by this directorate.

Controls are being developed at a strategic level to meet such risks. There will be more certainty once budgets beyond 2016 have been approved by the Council. The level of assurance for this area of strategic risk remains static.

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

Resilience (Business Continuity)

Budget

Governance

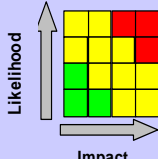
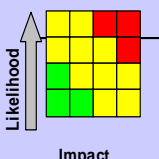
Governance

The Council's governance arrangements work effectively and this was noted within the Annual Governance Statement produced in September 2015.

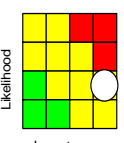
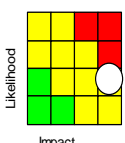
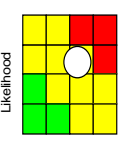
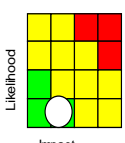
The direction of travel for this area of Strategic Risk remains static.

There are governance risks in respect of key financial and HR systems from the implementation of Agresso. These risks have been documented and appropriate mitigating actions taken. The direction of travel is improving.

Strategic Risks - Assurance Map as at 30th November 2015				 Likelihood ↑ Impact → CURRENT RISK SCORE	 Likelihood ↑ Impact → TARGET RISK SCORE	DIRECTION OF TRAVEL	Management Assurance Status (Full, Substantial, Limited, No)	Corporate Functions & Third Party	Internal Audit	OVERALL ASSURANCE STATUS	COMMENTS
OWNER	RISK APPETITE										
RAG Rating for level of assurance Red (R)/Amber (A)/Green (G)											
Commissioning strategy - Our communities are safe and protected from harm											
Resilience (Business Continuity) Capacity and resilience to respond to, and recover from, wider area and prolonged emergencies and business disruption (e.g. coastal flooding / pandemic flu) impacting on public safety; continuity of critical functions and normal service delivery.	Pete Moore	<u>Hungry</u> (projects & major change - need to be innovative and take higher risks for greater reward - higher levels of devolved authority)	Creative & Aware (Partnerships - Recognised that we work differently with different partners)	 Likelihood ↑ Impact →	 Likelihood ↑ Impact →	 Improving	G	Unknown	A	G	Issues with outcome of recent BC audit. At time of Audit Committee (23.11.15), it was substantial with review when outcome of Audit is agreed.
Commissioning strategy - We effectively target our resources so that individuals and communities experience the desired benefits and results											
Budget - LCC Funding and maintaining financial resilience	Pete Moore	<u>Creative & Aware</u> <u>(finance and money</u> - no surprises - prepared to invest for reward and minimise the possibility of financial loss by well measured risk taking - allocating resources in order to capitalise on potential opportunities)		 Likelihood ↑ Impact →	 Likelihood ↑ Impact →	 Static	G	Unknown	Unknown	G	The Council acknowledges the significant changes ahead and there are arrangements in place to manage this risk. More certainty will be known once the Council has approved its budgets beyond 2016.

Strategic Risks - Assurance Map as at 30th November 2015	OWNER	RISK APPETITE	 Likelihood ↑ Impact → CURRENT RISK SCORE	 Likelihood ↑ Impact → TARGET RISK SCORE	DIRECTION OF TRAVEL	Management Assurance Status (Full, Substantial, Limited, No)	Corporate Functions & Third Party	Internal Audit	OVERALL ASSURANCE STATUS	COMMENTS
	RAG Rating for level of assurance Red (R)/Amber (A)/Green (G)									

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

<p>Governance Maintenance of effective governance arrangements including the way we implement transformational change and decisions affecting service delivery</p>	Pete Moore	<p>Hungry (Reputation & Public confidence - Comfortable with taking decisions that are likely to bring scrutiny of the Council but where potential benefits outweigh the risks. Recognise that highly devolved decisions making will mean that not all risks known - take action when uncertain of results or with uncertain info - willing to accept significant loss for potential higher rewards)</p>	 Likelihood ↑ Impact →	 Likelihood ↑ Impact →	→	G	Unknown	Unknown	G	The Council's governance arrangements work effectively and this was noted within the AGS - September 2015.
<p>Governance Effective implementation of the Agresso system to ensure good governance in respect of key Financial and HR systems</p>	Judith Hetherington-Smith/ Pete Moore	<p>Creative & Aware (Reputation & Organisation / service user confidence - This is a time limited risk that needs managing to ensure effective implementation and sound governance systems)</p>	 Likelihood ↑ Impact →	 Likelihood ↑ Impact →	↑	A	Unknown	Unknown	A	This is a new significant risk that has been included. It has been recognised as an organisation, the issues relating to the implementation of the Agresso system. It has been documented and appropriate mitigating actions have been highlighted and included for this risk.

6. Projects



Value for Money Scrutiny Committee			
Programme			
	January 2015	January 2016	
Agresso Project	On track	Ongoing	<p>The project completion has been delayed. Progress is being made and big strides have been achieved in addressing problems with the system. There remains work outstanding and it is anticipated that the remaining issues with Agresso will be resolved by June 2016.</p> <p>RAG RATING - RED</p>

Combined Assurance

Status Report Children Services



Contents

<i>Introduction</i>	1/17
<i>Key Messages</i>	2/17
<i>Critical Systems</i>	3/17
<i>Strategic Risks</i>	13/17
<i>Key Projects</i>	15/17
<i>Looking Ahead</i>	17/17

Contact: Debbie Barnes, Director of Children's Services
Details: Tel: 01522 553200
County Offices, Newland, Lincoln, LN1 1YL

Introduction

This is the fourth combined assurance report for the Council.

Working with management we have been able to show what assurances the Council currently has on the areas of the business that matter most – highlighting where there may be potential assurance ‘unknowns or gaps’.

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

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

Our aim is to give Senior Management and the Audit Committee an insight on assurances across all critical activities and key risks, making recommendations where we believe assurance needs to be stronger.

Scope

We gathered information on our:

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

Methodology

We have developed a combined assurance model which shows assurances across the entire Council, not just those from Internal Audit. We leverage assurance information from your ‘business as usual’ operations. Using the ‘3 lines of assurance’ concept:



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

We did this by:

Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.

Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.

Using the outcome of Internal Audit work to provide independent insight and assurance opinions.

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

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



Key Messages

We have high aspirations and a clear, shared vision for all of our children and young people. We want all children in every part of the county to achieve their potential and we will deliver services with our partners guided by our strategic principles to achieve this vision. There is strong political and managerial leadership of Children's Services with a stable, highly competent, and visible Directorate Management Team. The Director of Children's Services has excellent relationships with partners and LCC staff as well as with schools, including academies. Integration best summarises our approach to the commissioning and delivery of outstanding services. We demonstrate true integration and focus on needs not silo working so families access joined up services.

Performance of schools as measured by Ofsted continues to be above national average with 85.4% of schools judged to be good or outstanding schools against a national picture of 83.6%. We are determined to accelerate progress at every key stage through introducing a sector led approach to school improvement. Our biggest challenge in our work with schools is to promote inclusive practice for all children and to reduce exclusions

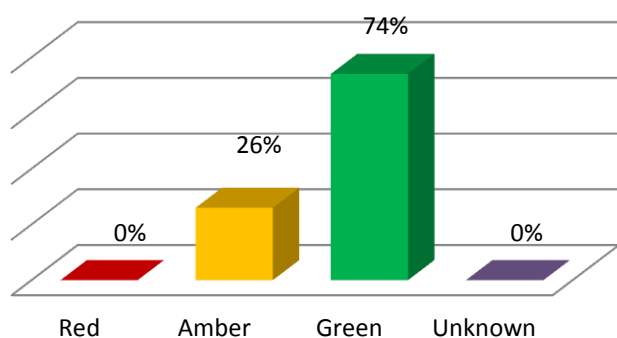
Last year, the Ofsted inspection for safeguarding children considered our early help and safeguarding arrangements to be good with an Outstanding Adoption service. Early help services were considered to be "exceptional". The large majority of services, settings and institutions inspected by Ofsted are good and outstanding.

Front line social care performance exceeds national and statistical neighbours on the majority of indicators (e.g. timeliness of social care assessments was 91.5%, compared to a national average of 81.5%). The numbers of looked after children remain low at 45 per 10,000 compared with the England average of 60.

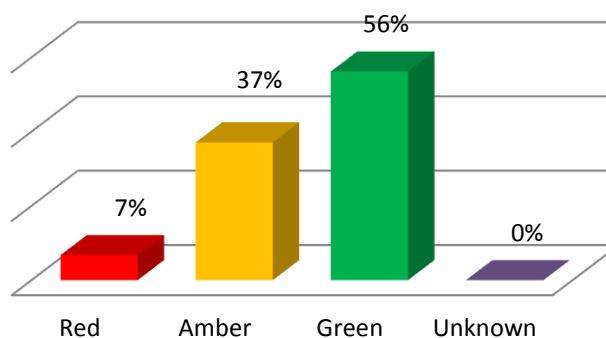
However it must be highlighted that the experience of implementation of the new financial system AGRESSO has impacted negatively on service performance. Significant staff time has been diverted from direct service delivery to address implementation challenges. In addition, the delay in implementing the MOSAIC, our new case management system, is adversely affecting front line services so staff time is not being used as effectively as it should be.

There is an urgent need for the delivery of a new ICT platform and a new case management system to enable our reduced workforce to work more effectively

Overall Assurance Status 2014



Overall Assurance Status 2015



Critical Systems



Our Vision is for:

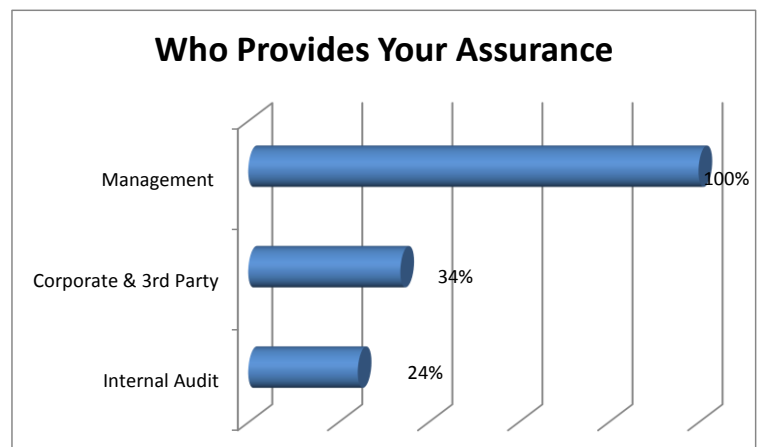
‘Every Child, in every part of the County to achieve their potential’.

Our principles, which underpin how we will commission and deliver services to achieve our vision, are:

- **Early Help:** Strong protective universal services accessible to all with a range of early help available so children have the best start in life and families have extra help when they need it;
- **Safeguarding:** A shared responsibility to ensure children are safe at home, school and in their community;
- **Aspiration:** Children able to thrive and cope with life challenges;
- **Learning and Achievement:** All children being the best they can be with targeted interventions

Our local priorities are:

- Safeguarding Children
- Ensuring children and families have access to early help services
- Implementing the reforms for supporting children with a disability and special education needs to achieve their potential
- Redesigning an effective public health offering to all families
- Reducing exclusions from school
- Ensuring all children can access a good or outstanding school so they achieve expected progress and achieve their potential



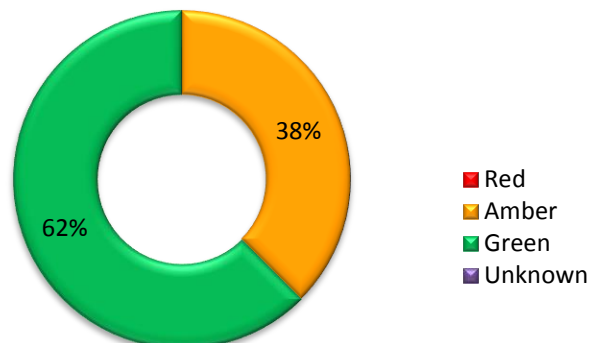
Overall, a high level of positive assurance exists around Children’s Services critical activities and systems. Assurance arrangements are working effectively. Most assurance comes from managers – supported by a good level of corporate and third party assurance.

Assurance is also provided through reviews conducted by Corporate Audit and Risk Management. This provides independent oversight and added value through recommendations made for improvement and complements any external reviews or inspections carried out. Any recommendations made are monitored to ensure implementation with progress reported to the Audit Committee.

Commissioning

This overview is based on the assurance:

- Procurement/Contract Provision
- Management of Grants
- Contract Management
- Commissioning of services
- Home to School/College transport
- Children's Adolescent Mental Health Services (CAMHS)
- Performance
- Public Health Nursing Commissioning



The commissioning team is currently undergoing restructuring to ensure that it operates efficiently and achieves its management savings target. This includes bringing together the commissioning and performance functions creating opportunities for more efficient working and combining some previously separate processes.

The team continue to undertake a number of reviews that are critical to responding to budget pressures whilst continuing to improve outcomes for children, young people and families. The responsibility for commissioning public health nursing transferred to the team during 2015 and a review is currently in place to consider the future commissioning of these, and other early years services, from April 2015. The service continues to lead a significant transformation of CAMHS services under a Section 75 agreement with health commissioners.

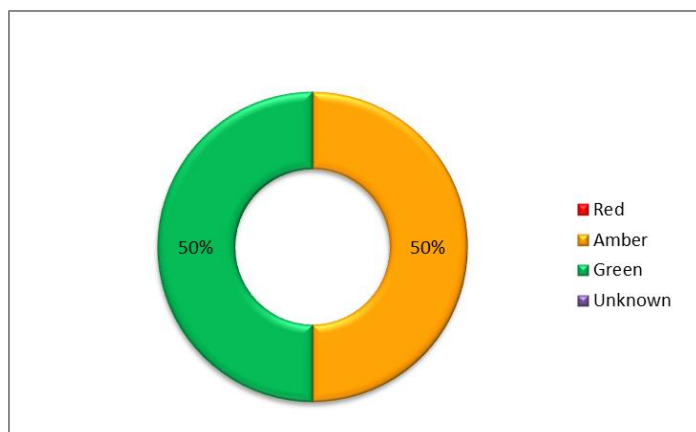
Whilst the Home to School/College service is effectively managed, ensuring that the Council meets its statutory duties, there is a significant budget pressure as a result of the reduction in the Council's funding and demand pressures. The impact of this is intensified as a result of additional budget pressures on public transport subsidies.

A number of actions to manage the budget pressure have been in place over the past 12 months and have been managed through a Corporate Transport Board. Several reviews are also underway which will hopefully have a positive impact on the budget pressures for example of special school transport. A scrutiny review is currently underway to make recommendations regarding the future provision of grammar school transport.

Quality and Standards

This overview is based on the critical activities:

- Independent Chairs and Independent Reviewing Officers
- Learning and Development
- Parent Partnership – LIAISE (advise and support service)
- Quality Assurance

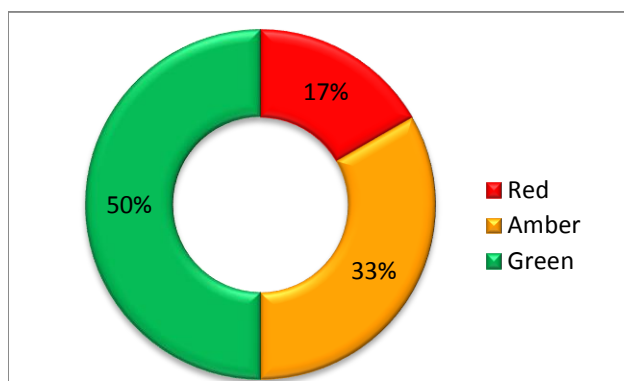


A new system is being developed for Liaise which will allow greater oversight of cases, reviewing these along with the practice supervisor on a regular basis. Whilst there are many positive aspects of Quality Assurance area of work, with good internal audit process in place, more focus is required on outcomes for children. This service area is being developed in line with organisational needs however this is still in the early stages. All audits and assurance processes are now in place and there is a greater engagement with the teams in order to ensure that the training programme is able to respond fully to staffing needs.

Education Support Service

There are six critical activities in this service area:

- School admissions;
- Children of statutory school age are educated;
- Continuity of education for children excluded from school;
- Sufficiency of provision for children and young people aged 0 -18
- Tracking the education/employment status of young people aged 16-18
- Ensuring there is a market for independent careers advice for schools to access



All school admission policies and procedures are compliant with the admissions code and have been ratified by the Council. There have been no external adjudicator referrals for non-compliance. Over 92% of parents still continue to receive their first preference school. The Council continues to administer a non-statutory mid-year admissions scheme for approximately 85% of families. The software that is used to administer the allocation of school places is due for renewal within the next 12 months.

Significant changes have been made to those policies that relate to children's education; particularly for those groups of children that may be missing from education, educated at home or be persistently absent from school. The local authority's code of conduct for the issuing of fixed penalty notices has been revised in light of recent government changes to statutory guidance on school attendance and is now operational. Children and young/people that are on role at a school, but not in receipt of full time education*, are monitored regularly - the majority are those with a medical need and are managed through an assessment process such as an early help assessment.

Children excluded from school are reintegrated back into mainstream provision without delay or are temporarily enrolled onto the Lincolnshire Teaching & Learning Centre's role for re-integration when they are "school ready". If appropriate some key stage 4 young people will be enrolled onto an alternative provision curriculum if that meets their needs more appropriately.

There is good intelligence about the status of young people aged 16-19 in terms of their participation in education and/or training with only a small minority not in an appropriate provision.

The provision of school places is well defined and ratified by the DfE which informs basic need capital funding. The sophistication of this approach is being extended to the pre and post statutory age provision.

*defined by Ofsted as 25 hours per week

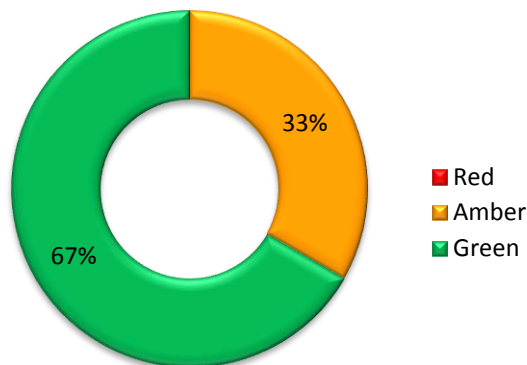
14-19 Commissioner

The following 2 areas have been given good assurance:

- Planning and Allocations
(meeting the needs of 100% participation under the ASCL Act)
- Post 16 Learning
(supporting young people into learning post 16 under 2008 Education and Skills Act)

1 area has amber assurance:

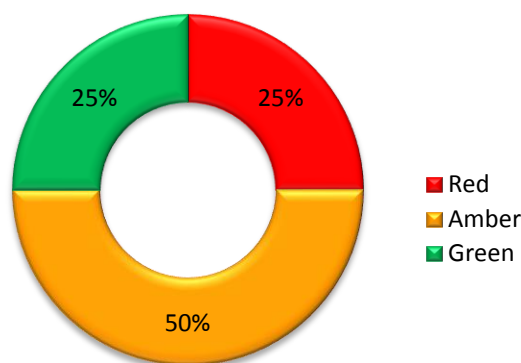
- Sixth forms
(maintaining adequate network of 6th forms)



The post 16 network of providers, particularly school sixth forms, continue to experience difficulties due to the decline in the size of the 16 – 18 year old age group. This places sixth forms (particularly the smaller sixth forms of which Lincolnshire has a high proportion) under significant threat, especially as national funding decreases. There are now 6 sixth forms with under 100 students. There is a potential impact on the breadth of the curriculum offer, and on 11-16 education due to the lack of financial viability of smaller sixth forms. The ability to mitigate the risks through increased collaboration lies with the schools and other post 16 providers themselves. Work will continue to encourage and support collaborative activity.

School Improvement Service

At 31 August 2015, 85% of Lincolnshire schools and academies were graded Good or Outstanding by Ofsted compared with 84% nationally and 80% across the East Midlands. This means that 82% of pupils in Lincolnshire are educated in Good or Outstanding provision compared with 81% nationally and 76% across the East Midlands. Fewer than 1% of Lincolnshire’s schools were graded Inadequate compared with 2% nationally and across the East Midlands.



This strong performance against National is not replicated in the published provisional data for 2015 which shows a small overall improvement in primary performance by most measures against a greater improvement of national performance. Secondary performance is stagnant and below national.

The number of schools classed as at risk on the school effectiveness register has increased to 84 of 362 (20%) which, combined with the data issue, indicates that the strong performance in Ofsted outcomes may be difficult to maintain. The length of time that some schools remain in the Schools Causing Concern category will continue to be a focus of the service’s attention. At times, this can be determined by the Department for Education in terms of how quickly it progresses the transition to sponsored academy status.

This area is about to undergo a significant transition to a radically reduced infrastructure. The budget of this area has been reduced from £2.6 million to £1.1 which will have significant impact on the level and depth of oversight the Local Authority has across all schools.

Locality Teams

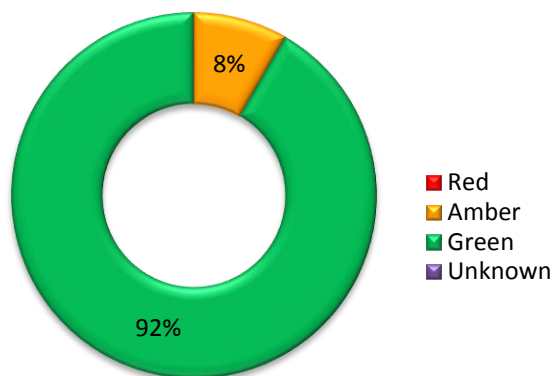
Following consultation with staff the locality targeted teams have been restructured with a focus on early help and managing risk taking behaviours in young people. The early help teams as they are now called cover four quadrants, East Lindsey, Lincoln and West Lindsey, South Holland and Boston and North and South Kesteven.

Workers typed in from family action, families working together, family support workers and targeted youth workers are now all line managed in the quadrants and have a generic job description, early help worker

to allow flexibility but also maintaining workers focusing on their individual skills of intensive support, working with young people or family support. Over the next year workers will be skilled up in working with young people who are exhibiting risk taking behaviour, restorative practise with signs of safety at the core of all working practises.

Reconfiguration of this nature has supported alignment with the Family Assessment Support Teams in each locality, ensuring that the needs of children and families are met through timely responsive intervention, according to need.

Young inspectors are proactive in providing external scrutiny as are Elected Members. Independent scrutiny of services is also undertaken through Ofsted inspections of children's centres and children's services with Early Help being judged exceptional and Safeguarding good.

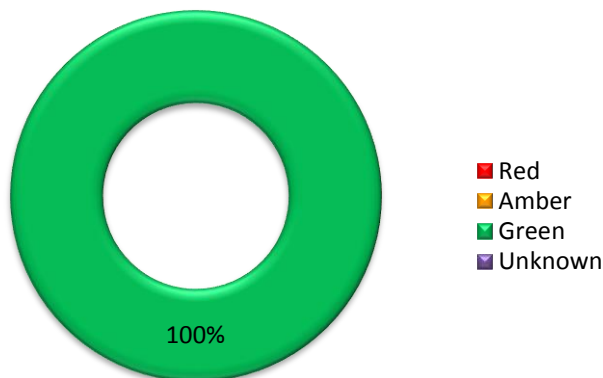


Regulated Services

Regulated Services has continued to meet targets in respect of key performance indicators, demonstrating that the services remain strong and ensures good outcomes for children and Young People. The Corporate Parenting Panel, Safeguarding assurance days and the Independent Reviewing Officers provide internal scrutiny of the activity and performance of the services provided to Looked after children. The introduction of Social Pedagogy and scrutiny through the Regulation 44 officer has ensured that outcomes for children looked after within children's homes remain good or outstanding. Regulated Services continually

monitors and evaluates its service at every stage of the child's journey through care to ensure quality and effectiveness.

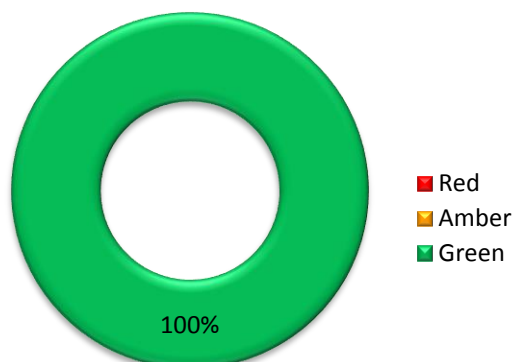
As is evidenced through the Adoption Scorecard, performance remains strong compared to the National average. The progression of a child's plan for adoption is robustly tracked throughout the adoption process from commencement of the adoption plan through to the adoption order being made. This ensures that every stage of the child's journey is effectively managed to ensure the best outcome with minimal delay. The numbers of children waiting for an adoptive family continues to remain low. Performance of the service is also monitored externally, through Ofsted, with all services being judged as Good or Outstanding.



Early Years

The following areas have been given good assurance:

- Support and Advice to Early Years Providers (including Schools)
- Educational Entitlement Funding (2 Year olds)
- Educational Entitlement Funding (3/4 year olds)
- Profiles Scores, Data Collection and Monitoring
- Early Intervention - Area SENCOs
- Supported Childcare Allocations and Inclusion funding

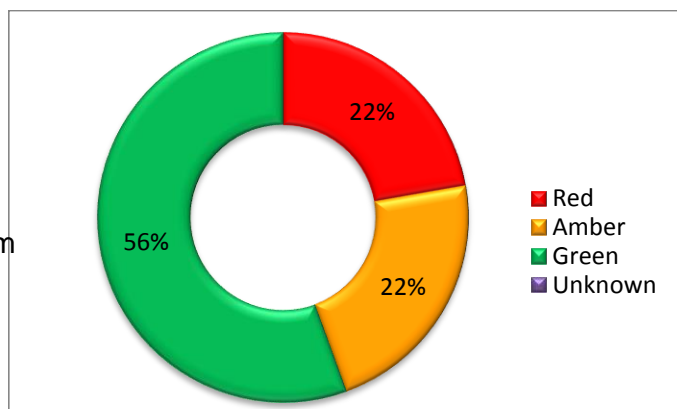


National and Local Authority targets continue to be met and externally evaluated performance indicators confirm that the Early Years Services continues to achieve a high degree of compliance. Customer feedback and feedback from statutory bodies is very positive.

The Early Years Foundation Stage outcomes for Lincolnshire have remained above national average, in 2015 Lincolnshire participated in an external assessment from the Standards and Testing Agency (STA) of our internal moderation processes and the outcome of this was that the LA met the requirements with additional strengths. The DfE, through the Achieving 2 Year Olds (A2YO) monitoring, have rated the take up of 2 Year Old Free Entitlement as good based on a higher than national average participation level (Green). All areas of responsibility will continue to be reviewed periodically against agreed action plans and actions updated throughout 2016 as necessary.

SEND

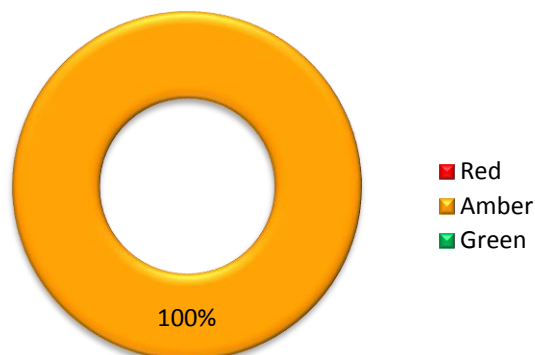
- Special Educational Needs
- Post 16 learners with Learning Difficulties and Disabilities
- Applied Psychology Service
- Sensory Education Support Team
- Early Support and Coordination Service
- Children with Disabilities Social Care Team
- Occupational Therapy Team
- Young Peoples Learning Partnership and Promoting Employment Team
- Specialist Teaching Team



The SEND Reforms, introduced in September 2014, set a new agenda around the way in which we support children with SEND. The challenges in transferring all young people with a Statement of SEN to an Education, Health and Care (EHC) Plan, over a three year period, are being monitored alongside the impact of the changes and the success of the new ways of working. There are regular reports to DMT and the Transitions Governance Board. New performance measures have been introduced to ensure service wide quality assurance. Independent reviews of the services delivered by the Educational Psychology team and the YPLP and PE team will inform the way in which these services are delivered in the future.

Education of Looked After Children

- Monitoring the education performance of looked after children through review of electronic Personal Education Plans (EPEP)
- Allocation of the Looked after Children's (LAC) Pupil Premium Grant to support the education plan (EPEP)
- Challenging and supporting schools and academies to improve educational progress of LAC
- Supporting admission and inclusion of LAC into mainstream schools



The EPEP is now completed three times a year. The EPEP system has been upgraded and this process has now been expanded to cover all non-statutory school aged LAC on roll of the Virtual School. Completion rates have been on target for the past two school terms up to December 2015. A process is now in place to ensure the (LAC) Pupil Premium Grant is allocated to schools as speedily as possible. A policy is now in place and the grant is requested by schools as an integral part of the EPEP review.

The Virtual School provides comprehensive training to schools and individual teachers on effective ways to support LAC. Pupil progress is regularly reviewed through a 6 weekly progress survey which is completed by the schools. This data provides the Virtual School with the ability to identify areas of underperformance and offer challenge and support to schools as appropriate.

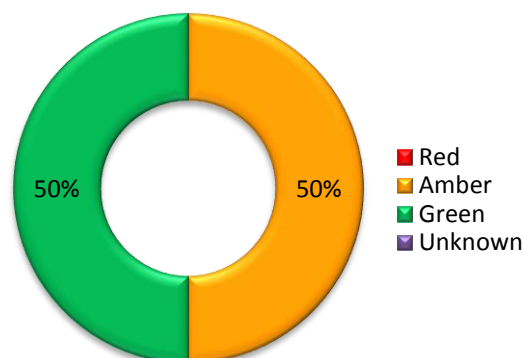
The Virtual School Team works with schools and LCC colleagues within the School Admissions Team and Social Care to ensure that LAC can access the appropriate mainstream school in a timely manner. Rates of Fixed Term Exclusions for LAC are in line with those nationally. The Virtual School offers advice, support and training to schools to ensure the emotional needs of LAC are met and exclusion is avoided wherever possible.

However, despite the progress above, there is still a need to maximise the impact of these developments in terms of providing support and challenge to real schools in improving the rate of academic progress for key groups of LAC and particularly for the proportion of our young people making good or better progress in Maths and English at Key Stage 4.

Financial Support

Calculation of school budgets

The 2013/14 radical school funding reforms introduced by Government are firmly embedded into the school finance teams processes, and a shared ownership and knowledge exists amongst senior members of the team. No material funding changes across all sectors are planned for 2016/17. The Authority Proforma Tool (APT) was submitted to the Education Funding Agency (EFA) in October provisionally outlining Lincolnshire's funding formula for 2016/17, and the Local Authority has received EFA confirmation that it is in line with guidelines. The team continue to have a structured timetable in place with assigned ownership to accurately calculate schools budgets for 2016/17 and within the EFA timescales.



Monitoring of school budgets

The Local Authority's role in monitoring of maintained schools budgets continues to be an important approach to monitoring and intervention of schools finances. Maintained schools use the medium term finance plan that aids a schools financial planning. The finance team each year receive schools medium terms finance plans to review their accuracy and to ensure the school is financially sustainable. The finance team continue to work with schools where they are in an overspend position or a potential overspend to assist / support the school in returning to a financially sustainable position. The schools finance helpdesk team provide support and advice to schools where they use Agresso the LCC finance system.

Approximately, 220 maintained schools use the LCC finance system Agresso. The Local Authority and Serco has had significant challenges following the implementation of Agresso on the 1st April 2015, and this has resulted in significant workloads being placed on the finance team on such matters as payroll errors, critical payments of suppliers, reviewing and implementing workflows, report writing etc. to support the schools in having accurate transactional data and monitoring. Although processes are embedded for effective monitoring of school budgets, the Agresso system has constrained the team in fulfilling this role successfully, due to the system functionality and additional workloads it has created for staff.

People Management

The People Strategy 2015-2016 identifies the Council's people management commitments to support delivery of the Council Business Plan. Whilst the People Strategy Implementation Programme has remained on plan, the impact on its strategic benefits, including improved staff retention of key groups, reduced levels of sickness, increased staff motivation, will continue to be closely monitored. The Council's ability to access HR management information over 2015-16 has been seriously impacted, due to issues with Agresso implementation.

The People Strategy is currently managed through six work streams:

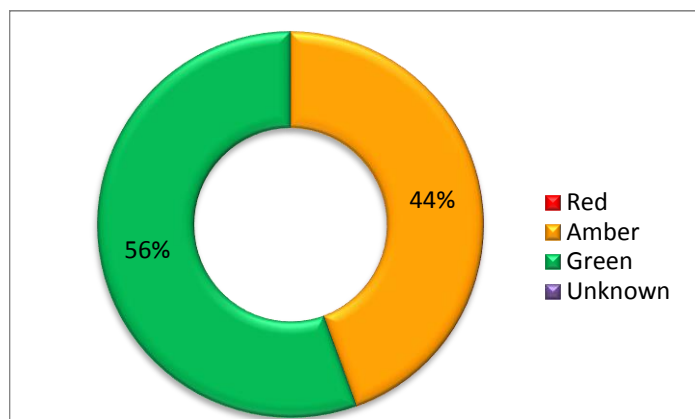
The following areas have good assurance:

- Leadership and Management Development
- Employee Engagement and Wellbeing (including IIP)
- Managing Employee Performance and Development

The following areas have amber assurance:

- Strategic Workforce Planning (previously Resourcing and Talent Management)
- Pay and Reward
- Organisational Change/Change Management

A key priority is to ensure the momentum of the People Strategy is maintained through the work streams towards realising the benefits of the strategy, and ultimately to ensure it supports the required organisation capacity and resilience to deliver the Council's strategic objectives. In light of ongoing organisational and workforce change, the Council will need



to ensure that the corporate priorities for the People Management Service will be to focus on the:

- Co-ordination of workforce change activities to ensure all associated organisational risks are managed
- Supporting the development of effective leadership skills in ensuring continued staff engagement/performance through times of significant change, in particular to ensure the resilience and well-being of individuals and teams
- implementation of the Council's talent management processes and improved processes to support the retention of key skills

The employee survey which was implemented in late 2015 will also assist the Council in fully evaluating whether the expected benefits of the People Strategy are being sustained, and will further inform the Council's People Strategy priorities in 2016 and beyond.

Suggested next steps.....

- To redesign our public health offering to families through engagement, consultation and transformation
- To develop and implement an inclusive Lincolnshire strategy to offer alternatives to exclusion from school
- To continue to embed the SEND reforms so children with a special educational need and / or a disability receive timely assessment and responsive services
- To implement a sector led approach to school improvement
- Work with our Internal Auditors to develop the 2015/16 Internal Audit Plan. Identifying where more independent assurance is required based on significance and risk of the activity, and where we can leverage assurance from other sources.

Strategic Risks



A key strategic risk for Children’s Services continues to be any potential failure to safeguard children. Work is ongoing to ensure that these risks are mitigated and children in Lincolnshire continue to have an outstanding safeguarding and early help service.

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

Safeguarding

Recruitment / Staffing

Examples of mitigating actions include:

- Audit of Section 11 (being conducted by People Management - Induction, Recruitment, Contract)
- Audit & Performance information to DMT for scrutiny
- Safeguarding Assurance days
- Independent Chairs - and Independent Reviewing Officers who quality assure the care plans of looked after children and children subject to child protection plans
- Team Manager Audits
- Lincolnshire Safeguarding Children Board Serious Case Reviews and Significant Incident Reviews
- Practitioner Supervision & Appraisal

Strategic Risks - Assurance Map as at 30th November 2015	OWNER	RISK APPETITE			DIRECTION OF TRAVEL	Management Assurance Status (Full, Substantial, Limited, No)	Corporate Functions & Third Party	Internal Audit	OVERALL ASSURANCE STATUS	COMMENTS
	RAG Rating for level of assurance Red (R)/Amber (A)/Green (G)									

Commissioning strategy - Our communities are safe and protected from harm

Safeguarding Safeguarding Children	Debbie Barnes	<p style="text-align: center;">Cautious</p> <p>(Regulatory standing & legal compliance - recognised may need to change the ways things are done but will be tightly controlled)</p>			<p>Improving</p>	G	G	Unknown	G	Recent Ofsted inspection resulted in a 'good' outcome - January 2015
---------------------------------------	---------------	--	--	--	------------------	---	---	---------	---	--

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

Recruitment / staffing Ability to recruit & retain staff in high level areas	Debbie Barnes	<p style="text-align: center;">Averse</p> <p>(People - Recognise that our staff are a valuable resource that requires investment by us to help sustain their health & wellbeing - low risk options taken to minimise exposure)</p>			<p>Static</p>	A	Unknown	Unknown	A	The wording of the risk has changed since last report. This has reduced to a limited assurance due to the feedback received from managers and directorate top 5 risks.
---	---------------	---	--	--	---------------	---	---------	---------	---	--



Key Projects in Children Services

Signs of Safety – Green

SOS has continued to go from strength to strength, with 60 staff having attended the Intensive 5 day training programme which included frontline staff, Team Managers and Heads of Service. There are 100 Practice Leads in place across the County who have received bi-monthly sessions with Tracey Hill (SOS consultant), a plan in place to sustain SOS training with 19 internal staff looking to provide both introductory and specific workshops and by March 2016 all current frontline Children Services staff will have attended a minimum of a 1 day SOS introduction course and the majority having attended a 2 day programme.

All Child Protection Conferences have now been redesigned to sit in line with SOS with feedback from both families and partners as overwhelmingly positive. It is planned that in March 2016 Looked After Conferences will also be redesigned to follow the SOS framework.

Independent research is being undertaken by Kings College London as to the effectiveness of the SOS approach with a report due in March 2016.

Work is currently ongoing at aligning all policies and procedures, building on a wider vision for Children Services with SOS at the heart of this.

Integrated Health and Social Care – Amber

Lincolnshire Health and Care is an initiative which is looking to design better ways of providing essential health and social care services in the county. Currently health and care services are not working together as effectively as they could and with a growing and ageing population, the current approach will not be sustainable in the long run.

Lincolnshire Health and Care will provide residents with access to safe and good quality services, closer to home and avoid, where possible, a lengthy hospital stay. The services under consideration for children and young people are pediatrics, maternity and neo-natal and a range of community services which are part of pathways into and out of these services.

Detailed design work is taking place in order to inform a range of options for future service design which will be subject to public consultation during 2016 subject to NHS assurance processes.

Progress has been made in considering the options for pediatrics, maternity and neo-natal services but key risks to the delivery of the programme remain:

- Securing sufficient clinical leadership and engagement
- Capacity to deliver such an ambitious programme, including the reconfiguration of community services
- Complexity of developing robust modelling and assumptions
- Response to public consultation

Lincolnshire Learning Partnership – Amber

We are committed to implementing a sector led approach to school improvement to drive forward and improve educational outcomes. We have established an Education Board, and are training all Head Teachers in peer review to build capacity in the sector. We are also working with the Regional School Commissioner to build capacity through Teaching Schools and National Leaders of Education

Inclusive Lincolnshire – Amber

Working with schools, we have developed a strategy to promote inclusion in our schools and aspire to be a local authority with zero exclusions within 3 years. The schools have invested in the development of a behavioural outreach services so we will have a clear ladder of interventions to support schools to reduce the need to exclude children and young people from school.

Transfer of 0-5 Public Health Nursing – Amber

From 1 October 2015 the responsibility for commissioning public health services for children aged 0-5 and Family Nurse Partnership (FNP) services transferred from NHS England to local authorities.

Health Visitor (HV) and FNP services are currently commissioned on a GP registered basis; however from October 2015 these services will be delivered on a local authority resident population basis as described in the National Specification for Health Visiting. This change has given rise to concerns, shared by colleagues both within the East Midlands and across the country around how this transition can be managed to ensure patient safety, choice and quality.

To address these concerns, and mitigate inherent risks, we have been working with neighbouring authorities in an attempt to both scope the extent of the issue i.e. how many children and families are affected and to agree a set of principles to work to. This work is furthest advanced with North Lincolnshire and North East Lincolnshire, with whom the transfer is underway. The focus of this work has been to ensure the safety of children and families and we will address other issues once we are aware of the scale of these issues with each of our neighbours.

We are currently in dialogue with all other neighbouring authorities with an intention that all families will be safely transferred by April 2016. We have been able to identify all the children we will be transferring out but are still awaiting figures from some of our neighbouring Authorities to identify the children transferring in to us.

Transformation of HR Services – Red

The transformation of the HR and Payroll Service has not been fully realised within the expected timescales due to the impact of the Agresso implementation. A project covering the HR and Payroll Portfolio has now been established by Serco which will focus on delivering the business benefits to the Council during 2016-17, arising from enhancements to processes and technology. This project will be monitored and reported through the Serco/LCC Transformation Board chaired by the Council's Chief Information and Commissioning Officer.

Looking Ahead



People

People are key to the work we do. Children's Services are committed to developing staff and ensuring that staff are delivering in an efficient way.

Money

Children's Services budget continues to be robustly managed in a time of challenge.

Resilience

Children's Services have sound processes to ensure and maintain resilience, including a clearly communicated Business Continuity Plan.

Localism

Children's Services continues to work in a local way through area offices and Children's Centres and ensuring the child and family are at the centre of our work.

Partnerships

Effective Partnerships with schools, communities, other agencies remains critical to the delivery of effective children services to support families

This page is intentionally left blank

Combined Assurance

Status Report Public Health



Assurance

Date: January 2016

Page 85

Lincolnshire
COUNTY COUNCIL 

Contents

<i>Introduction</i>	1
<i>Key Messages</i>	2
<i>Next Steps</i>	4
<i>Critical Systems</i>	5
<i>Strategic Risks</i>	11

Contact: Dr Tony Hill, Director of Public Health
Details: Tel: 01522-553960
tony.hill@lincolnshire.gov.uk

1. Introduction

This is an updated combined assurance report following the development of the combined assurance map first reported in March 2014.

We have again worked with management to show what assurances the Council currently has on the areas of the business that matter most – highlighting where there may be potential assurance ‘unknowns or gaps’.

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

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

Our aim is to give Senior Management and the Audit Committee an insight on assurances across all critical activities and key risks, making recommendations where we believe assurance needs to be stronger.

Scope

We gathered information on our:

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

Methodology

We have developed a combined assurance model which shows assurances across the entire Council, not just those from Internal Audit. We leverage assurance information from your ‘business as usual’ operations. Using the ‘3 lines of assurance’ concept:

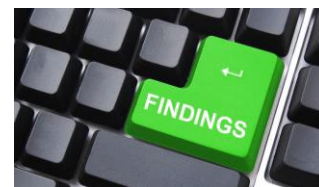


Our approach includes a critical review or assessment on the level of confidence the Board can have on its service delivery arrangements, management of risks, operation of controls and performance.

We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.
- The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge **but** as accountability rests with the Senior Manager we used their overall assurance opinion.

2. Key Messages

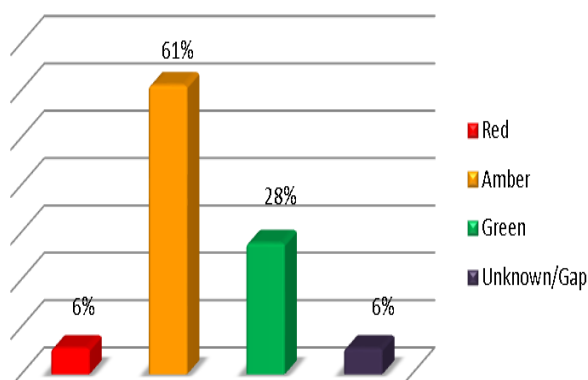


The Public Health Directorate delivers the statutory specialist public health service which gives public health advice and input; assurance on a range of issues which protect the health of the public; commissioning of some major services which affect wellbeing and community resilience; and the delivery of very small number of front line services. We also commission and lead on added responsibilities around Libraries and Heritage; the Customer Service Centre; Registration Services and the Coroners Services.

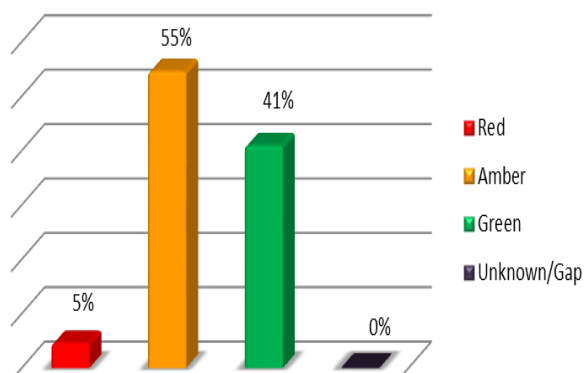
The Directorate adopts the corporate methodology for managing risks and assessing our assurance status. I am satisfied that these are working effectively. We also have some very specific assurance processes associated with my statutory functions. These include the necessary information governance arrangements for the personal health data and information we hold including the appointment of a senior member of my staff as our Caldicott Guardian. In addition, my statutory duty to assure the health protection arrangements for our population delivered by a range of organisations is assisted by the Local Health Resilience Partnership and the Health Protection Board: both of which I chair.

The highest risks identified in the report last year were associated with services which were being re-commissioned. These recommissioning exercises have been very successful in achieving both better quality of the services and better value for money. We have avoided or mitigated the anticipated risks. The process for deciding on the future of library services following the Judicial Review and the subsequent commissioning of the library contract have been successful and we won a second Judicial Review.

Overall Assurance Status -
2014/15



Overall Assurance Status -
2015/16





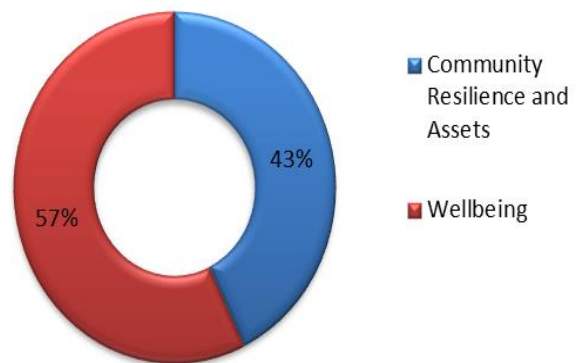
Key Messages Continued

In this current year the greatest risks are those associated with reprocurement exercises, for example of substance misuse services, and the sustainable delivery of coroners services. We will continue to use our existing successful processes to reduce the procurement risks although these are increased by the financial challenges we face. For the coroners services, the risks are due to increasing demands and to therefore increasing costs.

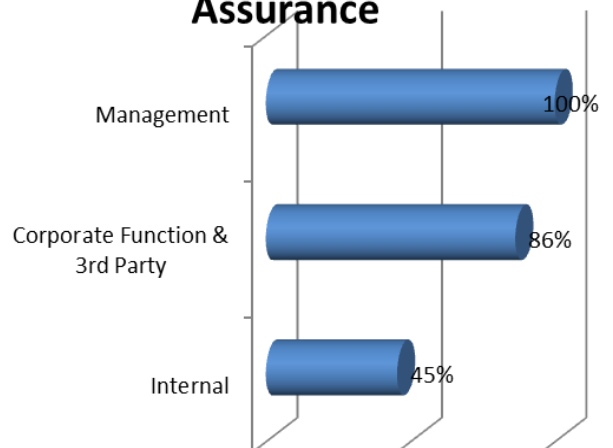
Many of the critical activities are supported by high levels of corporate or third party assurance. These may be provided through regular reports submitted to Scrutiny Committees or processes such as Inspections and Peer Reviews.

Assurance is also provided through reviews conducted by Corporate Audit and Risk Management. This provides independent oversight and added value through recommendations made for improvement and complements any external reviews or inspections carried out. Any recommendations made are monitored to ensure implementation with progress reported to the Audit Committee.

Public Health - Distribution of Assurance



Who Provides Your Assurance



3. Suggested Next Steps

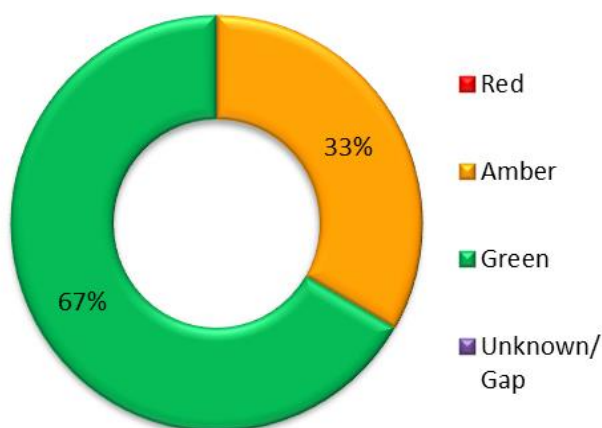
Over the coming year our next steps to maintain and improve assurance are

- Maintain our current procurement processes to ensure that we achieve quality gains and efficiency savings
- Continue with our health protection assurance arrangements and make improvements where possible including pressing for better information sharing by NHS England.
- Develop options for the future arrangements for coroners services for consideration by the Executive.

4. Critical Systems



Community Resilience and Assets



Advice, information and support services from community and voluntary sector infrastructure organisations

This activity currently includes a large and wide-ranging area of work, supporting the voluntary and community sector. Through working closely with voluntary organisations, investing time and resources; Lincolnshire has a professional, streamlined, effective and increasingly efficient voluntary sector infrastructure, which is taking on growing levels of responsibility. This includes voluntary and community sector training, support and development; volunteering opportunities, information sharing, development and promotion of volunteer work, access to and streamlining of, community grants. Their role is to ensure that the voluntary sector in Lincolnshire is strong, connected, efficient, well trained and consistent.

Community engagement and development

The Community Engagement Team's role is to widely advertise consultations; giving expert advice and feedback to ensure information is accessible, clear and simple and that engagement events and activities are delivered appropriately, enabling (or allowing) the council to effectively use what people tell us (You said, We did). The team is responsible for the corporate and legislative oversight, expertise and profile of the entire spectrum of Community engagement activity, from information giving, to consultation, to co-production. The Community Engagement Strategy is due to renewed shortly and will take into account the recommendations within the report presented to Formal Executive in September 2015, including closer working relations with Councillors. The team have the responsibility of managing all community grant agreements, including the Lincolnshire Armed Forces Community Covenant, governance boards, steering groups and performance monitoring meetings within the agreement of the outcome framework. The team also have responsibility for the implementation and promotion of the "Big Society" agenda, which includes the administration of the entire Big Society Members' Fund, the management, oversight and development of the voluntary sector.

Volunteering support

This work governs the brokerage for volunteers in Lincolnshire, identifying and fulfilling volunteer opportunities, providing training, oversight, promoting equality and diversity of experience, and consistency in implementation of policy and management. This provides an effective support network for volunteers and agencies, adding value through the expertise and advice provided; and giving guidance to ensure volunteering brings value to the individuals and organisations involved.

Financial inclusion

The Income Maximisation Scheme is a county-wide service designed to safeguard the most vulnerable people receive financial support and advice, ensuring that they are aware of and able to claim the full range of benefits and support that they are eligible for. The scheme is operated by CABx and specialists advisors are available to complete home visits to those who are isolated and unable to access support and advice in any other way.

Community Hubs

A recent and growing area of responsibility has been the implementation and development of Community Hubs, now in the second year. Working with partners such as District Councils, Lincolnshire Association of Local Councils, Dept. of Work and Pensions Involving Lincs and LCC service areas (e.g. Libraries & Youth Services) the project has identified community hubs already existing and those that wish to develop within communities where currently none exist. Four Community Advisors work with other service providers and organisations to identify the breadth of support and guidance that is currently in existence and any gaps in provision, at the same time establishing and further developing a network of community hubs which will deliver local services to local communities and, through sharing, help ensure the sustainability of the hubs and build community resilience. It should be noted that this is a temporary and time limited project which was due to end on 31 March 2016. Given the delays in the library restructure and recommissioning, as a result of the Judicial Review, the decision was taken to extend this temporary provision until December 2016 to better enable the projects ability to support community libraries in the medium and long-term.

Library & Information Services

Libraries are a statutory duty in the Public Libraries and Museums Act 1964 and as such fall under the remit of Secretary of State for Culture, Media and Sport who has the power to intervene if these duties are not being met, and although there is no national standard or accreditation scheme they are advised by Arts Council England. Tier 1 local authorities have to provide a "comprehensive and efficient" library service under section 7 of the act, but are at liberty to determine what this means in practice within their locality. In Lincolnshire, the council's Executive determined the statutory provision outlined in the report to Executive in February 2013.

This approach was subject to a Judicial Review in July 2014; Community Right to Challenge in October 2014 and as a result triggered a full procurement of library services. In December 2015, a report was presented to Executive Council with the recommendation that the LCC library service be delivered by an external supplier. This was accepted and agreed, and Public Health will oversee the transition of these services between December 2015 and April 2016 when the new contract will start. The management of this process is being lead by the Commissioner for Community Assets and resilience, supported by a multi-disciplinary Transition Board.

Archives

The Archives function is covered by a number of Acts of Parliament. Archives are regulated and inspected by The National Archives under a national Accreditation Scheme. During 2014 Lincolnshire Archives retained its full accreditation following an inspection and review by The National Archives (inspection report available).

Lincolnshire Archives offers a public search room where members of the public are welcome to consult original archives, microfilm resources and library material relating to the county of Lincolnshire and its connections in other parts of the UK and overseas. Records held at Lincolnshire County Council's Archives Service have been named as amongst 38 national collections designated as having outstanding national and international importance. Other activities on offer are talks and group visits, school and further education services and lecture room hire. In addition visitors are able to copy documents and pay for research.

Heritage

A comprehensive county heritage service running a number of sites, and providing collections care and access to the heritage collections of Lincolnshire including;

The Castle - The Castle has undergone major redevelopment works as part of the Lincoln Castle Revealed project. This £19.9m project, part funded by Heritage Lottery Fund, European Regional Development Fund & Lincolnshire County Council will restore & reveal the history & stories of Lincoln Castle in time to celebrate the 800th anniversary of Magna Carta.

The Collection - brings together Lincoln's Museum and the Usher Gallery. The Usher Gallery has a wide ranging collection of fine and decorative art and there is a large gallery hosting a vibrant programme of temporary exhibitions.

The archaeological collection - covers 300,000 years of history from the earliest inhabitants of Lincolnshire to the Eighteenth Century. Some highlights of the collections are prehistoric finds from the River Witham, treasures from Anglo-Saxon burials and finds from Lincoln's rich Roman, Viking and Medieval heritage. There are also significant collections of coins and medals, arms and armour, ethnography and natural science. The Collection also hosts a series of talks, demonstrations and events throughout the year and has a searchable online database.

Gainsborough Old Hall - built around 1460 by Sir Thomas Burgh. The hall has gone through many phases of use, including as a theatre, and as a Masonic lodge as well as lodging rooms. In 1949, after many years of neglect, the hall was saved from demolition by the Friends of Gainsborough Old Hall. In 1970 the hall was given to the nation by Sir Edmund Bacon.

Lincolnshire County Council now manages the hall as part of its heritage service on behalf of English Heritage. Following a period of visitor improvement work in early 2012 the Hall now has a newly refurbished gift shop and café; award winning audio-visual tour guides (available free of charge); a civil ceremonies licence and a dedicated wedding hospitality service. Corporate hospitality packages are also available, and plans are in place to develop these further.

Museum of Lincolnshire Life

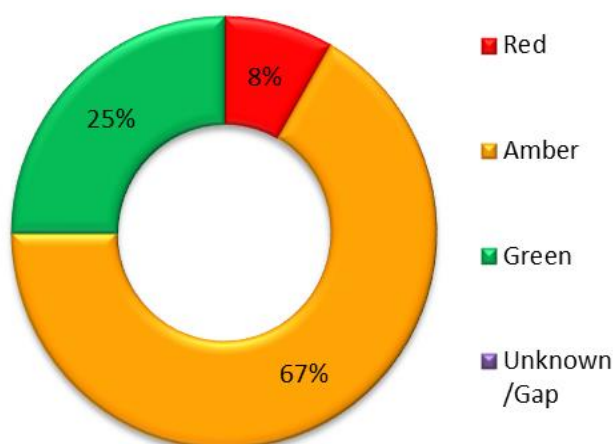
The Museum of Lincolnshire Life - the largest and most diverse community museum in the county. The collections include Lincolnshire farm wagons and machinery, a unique World War I tank, steam and oil engines, locomotives and road rollers.

Ellis Mill, a working 18th century Grade II listed windmill, is located around the corner from the museum. The Mill is managed through the Museum but opened to the public by a team of dedicated volunteers. There are also a further three windmills, Alford, Burgh-le-Marsh and Heckington.

Customer Service Centre

In many cases the CSC provides a first point of contact for members of the public accessing council services. Since April 2015, this service has been the responsibility of an external supplier, Serco, though Community Assets and Resilience commissioning retain the Customer insight and development side, along with the contract management aspects of the CSC.

Wellbeing



Health Improvement, prevention and Self-Management and Health Protection

Public Health staff continue to support the Director of Public Health's statutory responsibility for the assurance of the health protection function. This involves scrutinising and challenging immunisation and screening programmes commissioned by NHS England; both the strategic challenge of health protection plans relating to Emergency Preparedness and Response (EPRR) and participation in the response; ensuring that health protection incidents and outbreaks are managed effectively; the assurance of Infection Prevention and Control (IPC) functions across health and social care and the delivery of a community IPC support function.

The Health Protection Assurance framework (which is the means by which assurance is obtained) has been revised following internal audit. It remains robust but better reflects what is achievable in practice. Issues around the provision of immunisation uptake data remain but a solution has been found which should ensure that this data is available in the future. Following an assessment against the EPRR core standards, Lincolnshire NHS providers have again provided assurance that robust plans are in place to enable a coherent and timely response to a major incident. This has been supported by a number of multi-agency exercises. From an IPC perspective, specific performance indicators relating to this area have been encompassed into Adult Social Care (ASC) contracts. The team have continued to provide IPC training to both primary and social care staff, the uptake for which has risen dramatically; and have worked closely with ASC to provide IPC advice and support to the contracting function.

The Lincolnshire Health Protection Board continues to provide an opportunity to engage stakeholders on a range of health protection issues and has provided a useful springboard to highlight particular service issues and ensure that additional resources are put in place by NHS commissioners.

Support to CCGs (Public Health Professional Advisory Services)

One of the Public Health responsibilities for Local Authorities is the provision of public health advice to NHS Commissioners. This is a mandated responsibility. To meet this responsibility in Lincolnshire there is a Memorandum of Understanding which establishes a framework for the working relationship between Lincolnshire County Council's Public Health directorate and Lincolnshire's Clinical Commissioning Groups (CCGs). Each of the four CCGs is supported by a named Public Health Consultant who contributes at Executive level to the decision making process at Governing Body and relevant clinical meetings and, for example, supports the development of evidence-based care pathways and service specifications; provides public health input into business cases; contributes advice on evidence-based prioritisation policies; and supports commissioning strategies that meet the needs of vulnerable groups. The arrangement provides an excellent opportunity for LCC to build and maintain close links with clinical commissioners and complements the Health and Wellbeing Boards, Joint Strategic Needs Assessment and Joint Health and Wellbeing Strategy. During 2016, support to CCGs should improve as a result of increased capacity following the staff review in 2015.

Wellbeing Service

The Wellbeing Service is designed to promote confidence in living independently. By delivering through a preventative approach The Wellbeing Service should enhance wellbeing, and reduce or delay escalation to statutory support services.

The service is designed to improve accessibility to support services when they are needed, deliver services that are tailored and fit for purpose and allow equal opportunity regardless of location within Lincolnshire.

The service can include;

- A brief period of support to achieve person centred outcomes with a focus on promoting independence
- Access to Simple Aids for Daily Living such as kettle tippers, key safes and raised toilet seats.
- Minor adaptations including grab rails, hand rails, second banister rail and alterations to steps.
- Supply and installation of Telecare equipment which is linked to a 24 hour monitoring centre.
- A Wellbeing Response service offering a 24 hour 7 day a week service, attending a person's property for non-medical emergencies.
- A Home Safe service which is a transport and resettling service for individuals returning home from a hospital stay.

The Wellbeing Service contract with providers has been extended until 31st March 2017, and a recommissioning process currently being looked into to determine what this service may potentially look like post April 2017.

Registration, Celebratory and Coroners Services

In 2015 customer satisfaction levels with Registration and Celebratory continued to remain very high with another successful review for Customer Service Excellence. This is the sixth year running that the service has gained 100% compliance in meeting the government standards for this award.

The Coroners Service has continued to respond to new guidance from the national Chief Coroner. The demands on the service especially in relation to Deprivation of Liberty Safeguarding Authorisations has remained high, particularly noticeable due to a higher death rate in 2015. The Service Improvement Plan following a comprehensive internal audit of the Coroners Service continues with a number of recommendations firmly embedded in the service. A further 'Peer Review' was completed in Spring 2015 which has been helpful in providing feedback on service delivery and opportunities for further developments. The service continues to look at ways to improve which will result in enhanced support to bereaved families, the Coroners, and the remit to continue to improve efficiency and timeliness of coroners' caseloads. In addition budget monitoring is fully established to review expenditure and aid budget projections. Financial risk remains in relation to Long Inquest payments but opportunities should arise in 16/17 to provide further mitigation.

5. Strategic Risks



Public Health has no strategic risks. Last year we reported a strategic risk:

Integration with Health and Social Care

This has been removed from the Strategic Risk Register of Lincolnshire County Council as the financial risk is carried by the Health Service.

Combined Assurance

Status Report Adult Care



Assurance

Date: January 2016

Contents

<i>Introduction</i>	1
<i>Key Messages</i>	2
<i>Next Steps</i>	4
<i>Critical Systems</i>	5
<i>Strategic Risks</i>	15

Contact Details Glen Garrod, Director of Adult Social Services
Tel: 01522-550808
Orchard House, Orchard Street, Lincoln LN1 1BA

1. Introduction

This is an updated combined assurance report following the development of the combined assurance map first reported in October 2012.

We have again worked with management to show what assurances the Council currently has on the areas of the business that matter most – highlighting where there may be potential assurance ‘unknowns or gaps’.

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

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

Our aim is to give Senior Management and the Audit Committee an insight on assurances across all critical activities and key risks, making recommendations where we believe assurance needs to be stronger.

Scope

We gathered information on our:

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

Methodology

We have developed a combined assurance model which shows assurances across the entire Council, not just those from Internal Audit. We leverage assurance information from your ‘business as usual’ operations. Using the ‘3 lines of assurance’ concept:



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

We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.
- The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge **but** as accountability rests with the Senior Manager we used their overall assurance opinion.

2. Key Messages



In previous editions of this document the modernisation of Adult Care was the primary focus in securing a sustainable financial base in support of the most vulnerable adults in our communities. On reflection and during 2015/16 Adult Care – as a service – can be said to have had a good year. By the end of the financial year we expect to have delivered another balanced budget for 4 years in a row now despite profound changes and increasingly tight financial settlements. It should also be noted that Adult Care volunteered to 'give back' £1.4m to the council to help address overall financial challenges at the beginning of this financial year. Performance in a number of areas has improved as has the number of people supported, the level of integrated working with health has never been greater. The Directorate is 95% externally commissioned activity and as such is perhaps the strongest reflection of a commissioning model within the Council. Indeed, by the end of this financial year some 82% of all commissioned activity will have been retendered representing a vital test of quality, financing and supply. Robust financial management, tight gatekeeping and the excellent support provided by the Corporate Commercial Unit have been key to success.

In addition, Adult Care is responsible for the single largest block of income generation from charges across the County Council (£36m pa). It is therefore reassuring to note that income collection is above 99% (an improvement on the previous year) and one of the best performing in the country.

As with the previous Assurance Report dated March 2014 the work to secure substantial improvements in a replacement care management system (Mosaic), financial system (Agresso) and customer services (Serco) will both deliver significant productivity gains and help ensure Adult Care is compliant with the requirements of the Care Act which commenced 1st April 2015. It is unfortunate that the experience of implementation of a fully functioning AGRESSO and the arrival of the MOSAIC ICT system has been so badly delayed or, frankly a poor experience. The delivery of a new ICT platform now represents an 'Achilles heel' to Adult Care and one that badly needs to be addressed for the following reasons for it has:

- Adversely affected Adult Care's ability to make savings,
- Prevented full compliance with the Care Act (Mosaic only),
- Presented additional risks to effective safeguarding (Mosaic only),
Compromised the ability to deliver "channel shift" eg Self Service, and
Required additional work leading to processing inefficiencies and additional expense (Agresso only)

This will be a priority therefore for 2016/17.

How Adult Care organises its activity is now through 4 of the 17 County Council Commissioning Strategies. These are **adult frailty and long term conditions**; **specialist services**; **carers** and **adult safeguarding**. All of the strategies are joint with another statutory partner notably Health and the Police. Furthermore, in a number of cases these joint strategies are also "all ages". So, for example, the autism (as part of specialist services) and carers strategies are intended to reflect the needs of both young people and adults.

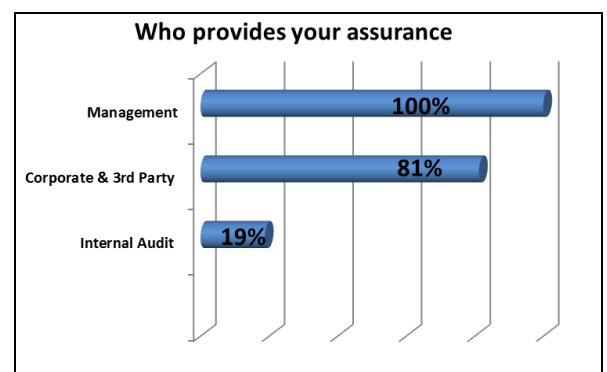
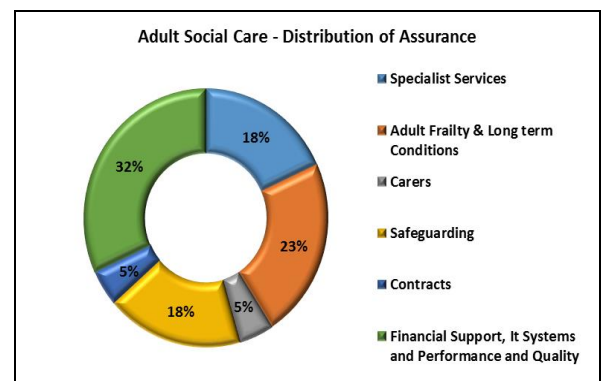
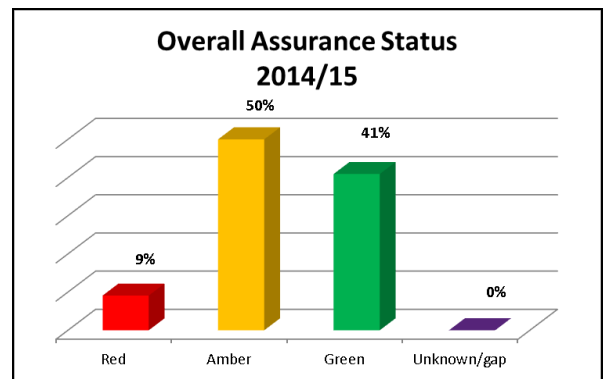
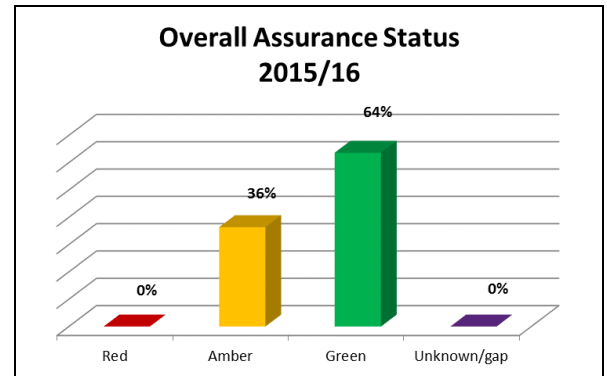
Key Messages Continued



Notwithstanding the above, the financial constraints, demographic changes and increased responsibilities (notably arising from the introduction of the Care Act) will mean that Adult Care may not be able to sustain the improved performance and increased levels of activity seen in recent years. Integration with health has moved from a policy exhortation to a mandatory requirement with the threat of considerable financial penalties for those systems that fail to progress. An integration plan will be required by 2017 with full implementation by 2020. This represents a profound change bearing upon Adult Care and whilst the expectation is that improved outcomes for people can be achieved by greater levels of integration, they are unlikely to achieve substantial savings for Adult Care at a time when either savings or additional resources are required to balance the supply/demand equation.

Additionally, many of the critical activities we perform are supported by high levels of corporate or third party assurance. These may be provided through regular reports submitted to Scrutiny Committees or processes such as Inspections and Peer Reviews.

Assurance is also provided through reviews conducted by Corporate Audit and Risk Management. This provides independent oversight and added value through recommendations made for improvement and complements any external reviews or inspections carried out. Any recommendations made are monitored to ensure implementation with progress reported to the Audit Committee.



3. Suggested Next Steps

As previously indicated in "key messages" the modernisation journey for Adult Care continues unabated. In 2010/11 Adult Care employed over 1155 fte staff and was a substantial provider of direct care services. Staffing as of November 2015 is 451 fte with minimal direct care service remaining.

In parallel the introduction of the Better Care Fund (BCF) has secured additional support for the "protection of adult social care". In 2015/16 the value of is £20m. However, the process for securing this sum required considerable time and energy on the part of officers and introduces the requirement for any spend against the BCF to be agreed with the four Clinical Commissioning Groups and the Lincolnshire Health and Wellbeing Board. The BCF fund represents money transferred from existing health expenditure within Lincolnshire and as such is not new money. To quote the Chief Executive of the NHS, Simon Stevens, this represents the equivalent of putting two leaky buckets of water together and attempting to find a water tight solution.

The Government has announced that the BCF will continue into 2016/17 so the process of renegotiation has begun. It is clear from the Chancellors Spending review announcement in November 2015 that the BCF will have a shelf-life at least up to 2020 and, be used to facilitate integration.

The existing programmes of activity in Adult Care are:

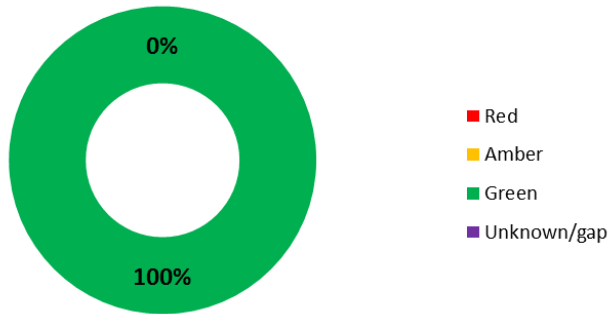
1. Integration with Health – Despite being one of only 6 systems in the Country achieving our level of integration more is expected and this will profoundly affect the County Council.
2. Future Delivery of Support Services (AGRESSO) – notably now that the Customer Service Centre is part of the transfer to SERCO for early 2015.
3. Case Management Partnership Programme (MOSAIC) – the new client information system that will come into effect to replace our ageing and inefficient database.
4. The effectiveness of the Wellbeing Service which colleagues in Public Health are leading on. This will need to be combined with work involving the districts in better meeting housing needs for people with additional social and health care needs.

The level of inter-dependency with colleagues in delivering improved outcomes and greater efficiencies continues to grow. For example the number of young profoundly disabled people moving into adulthood from Children's Services is a significant contributor to increased costs in Adult Care. Attempts to reduce these costs are ongoing, for example, increased efforts to maximise independence help make Adult Care financially sustainable. The Wellbeing Service commissioned by colleagues in Public Health and the Serco contract which includes responsibility for the Customer Service Centre will help manage the "front door" into Adult Care facilitating the opportunity for people to receive information and advice and self-support thus relieving pressure on limited staff and more expensive processes to undertake assessments and reviews. Added to this is the need to deliver savings for the Council. During the previous 4 years Adult Care delivered in full its required £38m savings figure and has agreed to seek to find an additional £5.3m during 2016/17 with more to follow in 17/18 and 18/19. Notwithstanding these efforts the ability to deliver ever greater efficiencies or, reduce spend is increasingly limited and the sums involved for potential savings grow smaller – much smaller .

4. Critical Systems



Specialist Services



Learning Disabilities – Assessments, reviews and Case Management

High levels of assessment and reviewing performance continues to be achieved via the integrated assessment and care management team and related reviewing targets are again expected to be achieved or surpassed by the end of the financial year.

Case Management practice, whilst continuing to increase in complexity, also performs well demonstrating robust care planning and strong financial control over budgets.

Learning Disability Services also receive an additional level of scrutiny via the Specialist Adult Services Joint Delivery Board which provides additional assurance.

Directly Provided Services

Swallow House respite facility for people with Learning Disabilities was successfully outsourced in 2015-16.

The review of the remaining 16 In-House services has been completed and recommendations for further improvements have been made to Director of Adult Services and Executive lead Member. Adult Scrutiny Committee will consider the outcome of the review in January 2016.

Feedback from related consultation following the review has been positive to the proposed changes.

Mental Health

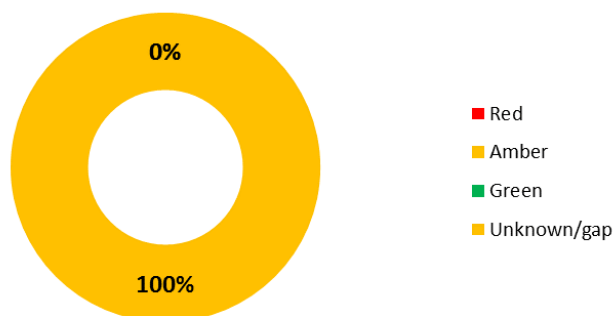
Adult Social Care has delegated its Assessment and Care Management function for Adults with Mental Health needs aged 18 to 64 to Lincolnshire Partnership Foundation NHS Trust (LPFT) via a Section 75 agreement. The agreement has been in place for almost 5 years and has delivered 28% savings over this time period. The Section 75 Agreement has robust Governance arrangements and an annual review is completed to inform continuous improvement. The Section 75 ends on the 31 March 2017. Planning has commenced for re-provision.

Autism

A new All Age Autism Strategy has been developed and implemented following public consultation. It is understood that Lincolnshire will be named as a "Good Practice" example by the Department of Health when an update on the National Strategy is published later this year.

Additional assurance is provided via the Lincolnshire Autism Partnership Board which meets regularly to oversee the implementation of the local strategy which has been co-produced with Experts with Experience.

Carers



Procurement of service

The procurement for the carers support service took place in early 2015 but did not award a contract because of the quality of the bids. Following a lessons learned exercise a second procurement commenced in November 2015. The response from local and national Providers has been encouraging and stimulated positive engagement. If the second procurement is successful a single lead Provider will be awarded the contract that will start on 1 June 2016.

At the same time as the failed procurement a number of other factors affected the service. These included; transition of the LCC Carers team to Serco, Care Act 2014 and Children & Families Act compliance, extension and variation to existing contracts and the delay of the new Case Management system (Mosaic). Business continuity and improvement of service standards have been the focus of attention throughout the year.

Assurance and transition arrangements

A working group of representatives from Carers, Providers and the LCC Carers Commissioning team was established to co-ordinate the activities required for transition planning. It has been successful in promoting collaborative working and is facilitating the implementation of the requirements of the Care Act 2014. It has contributed to developing a Quality Assurance Framework that incorporates a set of Quality Practice Standards, and a Workforce Learning & Development Plan.

Whilst the latter has commenced, the implementation of Quality Practice Standards and associated audits will be phased from January 2016. This approach is allow for continued challenges with the quality of data, the case management system and to give support to Providers as this is a significant change on both cultural and practical levels. Performance reporting will be aligned to the Adult Care quality assurance governance and presented at the Quality & Safeguarding Board. Assurance of practice and service standards and compliance with the Care Act 2014 has been achieved

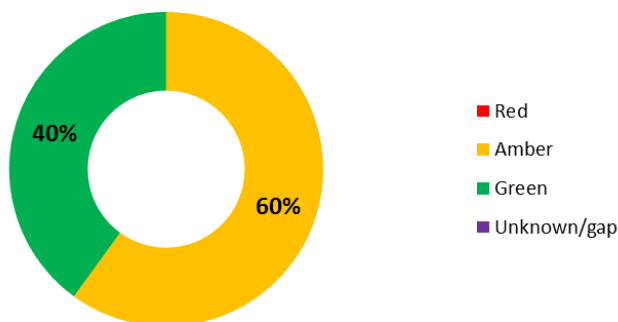
This has shown that assessors are adjusting their practice to applying the eligibility framework and developing appropriate support plans. Regular contract management meetings are undertaken jointly by the commercial and carers commissioning teams contributing to the overall assurance monitoring.

Links with Children's Services are established to develop procedures and standards for the transition arrangements for young carers to adult services.

A mobilisation plan will guide the change of the contractual arrangements.

The all age Carers Commissioning strategy 2016 – 18 has been produced with the approval process taking place during the first months of 2016. The strategic aims ensure continuation of improvement to the assurance of the service and support the Council to fulfil the statutory duties and responsibilities.

Adult Frailty & Long Term Conditions



'...the right support,
right time,
right place...'

The purpose of this service area is to ensure that eligible individuals of Adult Social Care who are over the age of 18 and have a predominant physical disability receive appropriate care and support that enables them to feel safe and live independently.

In delivering these services the expected outcomes are that we will enhance the quality of life for people with care and support needs, delay or reduce their need for assistance and ensure that people have a positive experience of the support they receive.

The services that we commission to deliver these outcomes include; reablement, domiciliary care, community support, residential care, dementia support services, assessment & care management and a social work and occupational therapy service.

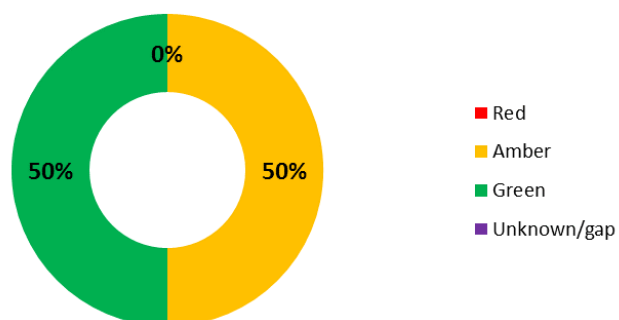
The service area currently supports in excess of 12,000 of the most vulnerable adults in the County with long term support.

Demand for services in this area is being driven by a growing population of increasingly frail older people. Lincolnshire is a net importer of older people that means there are two primary sources for the increased numbers which represents the largest growth in the East Midlands. As a result the service is seeing an increasing demand for residential and nursing placements as a result of increasing admissions and length of stay with domiciliary care budgets experiencing pressure as a result of the increasing number of people requiring higher intensity support. Provision for people under the age of 65 represents a smaller proportion with respect to the number of vulnerable adults and the budget.

The service area also continues to see an increase in the use of Direct Payments to meet people's needs which is in line with the Personalisation agenda.

In addition to these recurrent pressures highlighted above, the strategy area will be impacted by a number of external factors including (but not limited to), funding reforms, changing budget streams and integration with the NHS. These challenges will sit alongside the continued work to secure residential care and domiciliary care services, whilst maintaining budgets with a balanced quality and quantity of supply.

Safeguarding



The Care Act came into force in 2015 placing adult safeguarding on a statutory footing. The mandatory guidance is really clear that there should be robust preventative measures and proactive responses to adults who have care and support needs, even though the local authority are not meeting those needs. Eligibility for service is not relevant to our legal duty to safeguard individuals and interventions have to have well-being at the fore of the decision making.

The Safeguarding Adults Commissioning Strategy has four statutory functions contained within it, all of them are County wide responsibilities for the local authority. These functions are:

- Adult safeguarding Team
- Emergency Duty Team – which serves both adults and children's out of hours mental health assessments.
- Deprivation of Liberty safeguards team.

Responsibility for management of the Lincolnshire Safeguarding Adults Board changed in January 2016 and has been assumed by the DASS.

The Care Act requires that the local authority oversees the six national principles within the whole infrastructure in Lincolnshire which are:

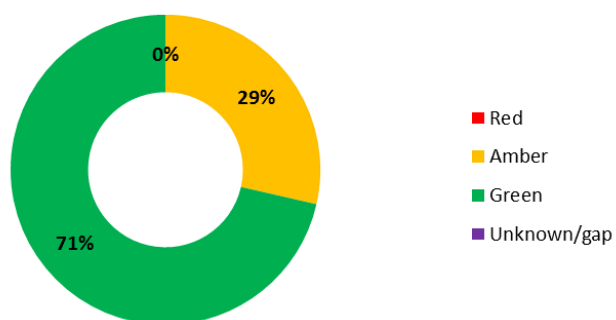
- empowerment, prevention, protection, partnership, proportionality, accountability and that we undertake and oversee individual safeguarding enquiries using the six objectives as outlined in the mandatory guidance

- establish the facts, ascertain the clients views and wishes (and the outcome they require from the intervention), assess the need for protection, support and redress and how those needs may be met, protect according to the clients wishes ,Make decisions as to what follow up action should be taken with regard to the person or organisation for the abuse or neglect.

The Deprivation of Liberty Safeguards (DoLS) team are managing the "Cheshire West" judgement which has dramatically increased numbers of application and are using robust screening tools for them to risk manage their work.

The Approved Mental Health Professional (AMHP's) who work in the adults EDT team are accountable to this commissioning strategy.

Financial Support, IT Systems and Performance and Quality



Financial support.

The Adult Care budget for 2015/16 is £145.647m, and is projected to spend within budget. This being the case it will be the fourth year in succession that Adult Care has achieved an underspend position which reinforces the view that Adult Care in Lincolnshire continues to be one of the lowest funded Adult Care departments, spending less on 'overheads', staffing and pay grades than other local authorities both nationally and regionally. Also that comparatively Adult Care spends less on nearly all types of social care service commissioned when compared with most regional authorities whilst delivering good to very good performance and an overall better than average standard of care services commissioned.

The service has a wide range of performance information and other information available from peripheral systems, legacy systems and spreadsheets and this has enabled it to continue a degree of financial monitoring and budgetary oversight that has helped address some of the problems resulting from the weaknesses with Agresso financial systems. This alongside regular discussions with budget holders, principle practitioners and managers, together with the experience, close working relationship and knowledge of those involved, provide a level of assurance on financial management activity.

Budget monitoring reports have been prepared at 31 October 2015 and 31 December 2015, in addition to the ongoing work to support preparation of the financial outturn.

The service continues to go through substantial change with The Care Act, changes to the provision of home care services, and other changes all impacting on the financial position. Current year Older Persons residential activity is stable across the county; with placement activity similar to the corresponding period in 2014/15, however prior year placements (base) have seen an overall reduction compared to last year. Income collection across the board continues to be a strong performer with collection rates of over 99%, combined with ongoing work to ensure service users contribute appropriately for services provided. The Council's Executive approved changes to the Non-Residential Contributions Policy in November 2015 and this will make the policy more fair and equitable, updated for the effects of the Care Act, easier to administer and also lead to a further increase in income of £1m per annum.

The Learning Disability Service has seen growth in Supported Living and Direct Payments; this has mainly been down to school/college leavers requiring packages of support to replace their education due to parents working. There has also been an increase in new residential packages with some of the cost mitigated by the closure of existing packages.

Additional financial pressures have been experienced in Deprivation of Liberty Safeguarding (DOLS) as a consequence of the Cheshire (West) judgement.

Additional funding to address the financial pressures came from three key sources:-

- The Government provided £6.4m (in grant funding and through the Better Care Fund) to address the financial pressures resulting from the Care Act
- The Council was able to agree with the 4 Lincolnshire CCGs, Better Care Funding of £20m to protect Adult Care services. This helped fund a variety of ongoing and new pressures eg £4.4m to help protect the pooled Learning Disabilities budget, £4.25m to meet demographic pressures, £2m for reablement services, £1.4m for the Hospital Discharge Teams, etc
- The Council agreed an additional £1.9m funding to address the pressures in the Safeguarding service

The budget also includes a commitment to deliver £3.388m savings during 2015/16 from a number of initiatives including a Senior Management and Workforce Development Review, a continuation of the work to maximise service user contributions, the review of the contributions policy, the renegotiation of several contracts and additional efficiencies brought about as a result the implementation of the Care Act. The vast majority of these savings are on target to be delivered and any not achieved can be funded from underspendings in other parts of the service's budget.

Financial pressures will continue to increase in 2016/17 with further demographic pressures, the impact of the recently announced National Living Wage and other increases in contract prices. These increases come at the same time as the council's overall financial position is impacted by the Government's decisions to reduce grant, and the CCG's come under additional financial pressures. There is however a recognition across the council and within the health community of the pressures in Adult Care, and a strong commitment to support the funding of services. The Government's decision to allow councils to increase council tax annually through a 2% social care precept, is one of the opportunities available going forward to help fund the increasing cost of Adult Social Care.

Case Management Partnership Programme

Initial plans were for Mosaic to go-live in April 2015, however, this did not happen as planned. The programme is a corporate programme delivering a new case management system for adults, children's and public health.

The current position is that the corporate CMPP Board will take a view late January 2016 as to the optimum timing for Mosaic's transition into operational use. There remain a number of factors impacting on go-live, including Agresso stability, year-end impact, Serco operational readiness, LCC readiness and infrastructure and technical readiness. The adults build is substantially completed, with a few outstanding areas to finalise, including purchasing of services and reablement pathways. The majority of user acceptance testing is complete and training programmes ready.

Quality Assurance

The Adult Care Quality Model is based on three principles of Safe Services, Effective Services and People's Experience of care and support. The Quality Assurance team's role is to provide a strategic quality assurance function for Adult Social Care for both internal and external service delivery. Quality Practice Audits are undertaken across adult care, including safeguarding and reported on a quarterly basis to both Divisional Management Teams and to the Quality and Safeguarding Board chaired by the Director of Adult Social Services.

Quality Assurance Activity including

- Development of a risk matrix tool for use across commissioned services to ensure that resource is targeted at high risk providers
- Development of Service Quality Review meetings, bringing together Contracts, Quality, Safeguarding, CQC, Health and Infection Control to review all high risk providers on a monthly basis
- Embedding of the Department of Health national pilot on people's experience of safeguarding
- Quality Assurance on peer review of safeguarding
- Dedicated to support to high risk providers to improve quality

Care Act

The Care Act implementation in April 2015 represented a significant reform of the law relating to care and support for adults and carers, updating and consolidating relevant legislation in a single statute in order to better offer improved support and wellbeing with dignity, respect, independence and choice. The Care Act promotes integration between Adult Social Care, health and housing.

April 2015 – Duties addressed include: prevention and wellbeing, information and advice, carers, market shaping, commissioning, assessment and eligibility, independent advocacy, personal budgets, direct payments, care and support plans, safeguarding, partnerships, transition to adult care, prisons, and continuity of care.

The government delayed the funding reforms due in April 2016 until 2020

The Care Act Programme consisted of 10 workstreams covering the key areas of activity. The majority of workstream have now been fully completed. The outstanding areas are in the main linked to the implementation of Mosaic and the reprocurement of the Carers service

Performance

Within Adult Care, a local performance framework has been developed which incorporates locally defined measures in addition to measures from the National Adult Social Care Outcomes Framework (ASCOF) and the National Health Service Outcomes Framework (NHSOF). The measures cover all of the key areas of the business and have been deemed appropriate for measuring the outcomes and effectiveness of service provision for the people of Lincolnshire.

The indicators within the framework have been aligned to nine domains consisting of;

- Prevention
- Reablement
- Personalisation
- Operational
- Organisational
- Customer Feedback
- Carers
- Interface with Health and
- Safeguarding

The Performance Framework is overseen and reported to the Adult Care Executive DMT which includes the Portfolio Holder and reported on a quarterly basis to Adult Scrutiny Committee.

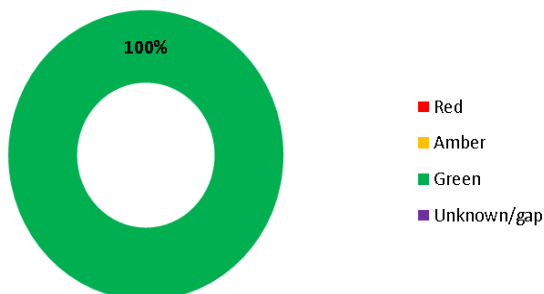
The first 6 months of the reporting year have seen a 10% increase of demand for care and support services compared to the previous year, which equates to just over 3,000 new requests for support per month. An improved information offer and better signposting to alternative services in the community from the Care and Wellbeing Hub (formerly the Customer Service Centre), have had a big impact on delaying or reducing the need for care and support. Reablement services, particularly for patients discharged from hospital, have proved effective in restoring people's independence, and therefore their reliance on funded care. The Wellbeing service has had a similar effect. Despite the increase in new requests, approximately 85% of people have their needs met with the above support without being passed to a Social Work Team. This has alleviated the pressure on Adult Care Teams and as a result, the proportion of assessments completed within 28 days has increased to 94%. Furthermore, review performance is very strong and at the current rate, by the end of the year it is expected that over 90% of people already known to Adult Care will have received their annual review of needs.

Currently, a total of 16,000 adults are provided with services, 9,000 of which are in permanent residential or nursing care or receive a personal budget in the community. The remaining 7,000 are supported with short term services, which includes in the main, equipment and telecare but also temporary residential care and ongoing professional support. At the end of Quarter 2, 27% of clients with a personal budget in the community received their support in the form of a direct payment. This is an increase of 2.5% from Quarter 1, with further increases expected as 150 adults have chosen to convert their managed package of care to a direct payment as part of the recent home support contract transition. It should also be noted that for the last four months in a row, 100% of new direct payments have been paid within 14 days, which is a drastic improvement from the previous year and helps to ensure people get the care as early as possible.

In 2016 a newly commissioned Carers Service will be in place, with a model that creates resilience in the caring role, improved quality of life for carers and to prevent crisis. Almost 7,500 carers have been supported over the last 12 months, and since April there has been a shift in the pattern of support towards early intervention and prevention with 20% of carers having their needs met with information and advice. Since its transfer to Serco, the Carers Team have assessed carers more quickly, and in September 100% of carers were assessed within 28 days. The slicker assessment process and front end support is a response to managing the increase in demand expected once the Care Act is fully embedded.

With the Better Care Fund (BCF), a series of projects are in place to reduce the pressure on the health sector, and keep people at home for longer. Social Care have helped by supporting the County's Accident and Emergency departments, being involved in joint discharge planning, arranging care packages quickly for patients ready for discharge, and making sure assessments are completed quickly. Although there are current pressures around delayed discharges, delays attributable to Social Care are still relatively low. Other measures that pertain to the effectiveness of the BCF from a Social Care perspective include recently published survey results which indicate that 94% of Adult care clients enjoy a better quality of life as a result of the services they receive. Also, a low admission rate to residential care means that people can stay independent in the community for longer.

Contracts



In the last 12 months the Commercial Team has implemented and embedded a new risk management tool and a process for monitoring poor practice concerns raised by practitioners. In 2015 the Contract Officers undertook over 600 contract management meetings and site visits. It is expected that contract management activity will increase over the next year.

Over the last 12 months there has been a sustained improvement in commercial relationships with providers and a high level of confidence and trust between the market and the Council has been achieved.

In addition to the successful delivery of its core contract management activity, the Commercial Team has also been developing and implementing procedural and process improvements, and supporting the mobilisation and implementation of the newly awarded service contracts such as Home Care.

Notable areas of progress are:

Risk Matrix – There are currently over 600 contracts managed by a team of 13 officers. A risk management tool has been developed to enable the Commercial Team to prioritise workloads and to provide oversight of the residential and domiciliary care markets. The Risk Matrix covers 302 residential and community support contracts across all categories of care. The risk tool examines 10 criteria and calculates an overall risk score, enabling the team to maximise the effective use of its resources.

Service Quality Review – Alongside the risk management tool, a Service Quality Review Group was established in January 2015 to review all the high risk service and to coordinate actions between Contracts, Quality, Safeguarding, CQC and Health. The SQR Group meets on a monthly basis and is attended by all Senior Contract Officers to provide updates on their portfolio of contracts. Since the risk tool and Service Quality Review meetings were introduced the number of high risk contracts has reduced from 84 in March 2015 to 39 at the end of December, a reduction of 54%.

Poor Practice Concerns – A new and improved system has been developed to allow social workers, practitioners and other professionals to raise low level concerns about commissioned services. The Poor Practice Concern forms feed in to the risk management tool which identifies trends and will trigger action by Senior Contract Officers where required.

Contract Management Framework – A new contract management framework has been developed and is due to be launched in April 2016. This is a step change in the way in which the team delivers contract management and will provide better oversight for management as well as ensuring a consistent approach across all contracts.

5. Strategic Risks



The significance of the issues facing Adult Care is reflected in the Council's Strategic Risk Register. The risk rating reflects a natural disposition to caution given the nature of the people being served and the scale of the budget and the pressures faced. Outlined below is:

Safeguarding Adults

On 1st April 2015 Safeguarding Adults became a statutory responsibility along similar lines to child protection.

This requires closer working and information sharing with Police, Health and a wide range of other partners.

Closer links with domestic abuse, human trafficking will also be required to ensure adults are protected and where necessary we respond appropriately.

Market Supply to Meet Eligible Needs

In essence there are two primary markets for adult care services: home support and residential care.

Both are susceptible to market failure as a result of the prices currently paid by Adult Care. This is particularly evident in the home care market which has had low prices for over three years.





It is a statutory requirement to provide a service to meet an eligible need and supply of service.

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

Safeguarding Adults

Market supply to meet eligible needs

6. Strategic Risk Register

Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)	Current risk score	Target risk score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions
Safeguarding Safeguarding adults	Cautious (Regulatory standing & legal compliance - recognized may need to change the ways we do things are done but will be tightly controlled)			Limited	Improving	<p>Existing controls</p> <ul style="list-style-type: none"> • Multiagency Safeguarding Policy & Local Procedures in place • Adults Strategic Safeguarding Board • Virtual integration between policy, practice & strategy • CQC Information Sharing Meetings • Delivery of Safeguarding training to providers as part of 'Supporting Proprietors - Leadership & Management' programme • Appropriate checks / vetting of staff in 'regulated activity posts' • Investment in staff development agreed with Adult Safeguarding Board (ASB) of £250,000 for 2 years (each year) • Improved performance monitoring to Adult Safeguarding Board (ASB) under development for regular monitoring • Public Protection Board • New quality assurance unit • Lead professional & elite professionals • Serious case reviews • Senior Business Manager appointed to assist Safeguarding Manager and take lead on implementing Peer Challenge Action Plan • Performance Score Card monitored at department level reported to LASAB • Regular Case file Audits system implemented • Domestic Homicide review action plan completed March 2015 • Implementation of Action plan arising from Peer Challenge completed January 2015 • Internal Audit on Safeguarding completed with Substantial assurance <p>New / Developing controls</p> <ul style="list-style-type: none"> • Develop & implement suitable assurance framework for commissioned services (that considers safeguarding) • Develop & implement suitable assurance framework for Personal Budgets (that considers safeguarding)
Market Supply AC Adequacy of market supply to live within budget	Cautious (Regulatory standing & legal compliance - recognized may need to change the ways we do things are done but will be tightly controlled)			Limited	Static	<p>Existing controls</p> <ul style="list-style-type: none"> • Continued improved relationships with providers • Community support framework • Targeted market stimulation - geographic or service based on micro-level according to need and based on good intelligence • Capital strategy in place for next 3 years with funding level and team created • Additional resources in Procurement Lines to improve contract management • Homecare rates established and procurement approach agreed • Funding for residential care secure • Contract register in place • Additional investment in community based services with NHS developed • Additional funding agreed for 3 years with Executive <p>New / Developing controls</p> <ul style="list-style-type: none"> • Develop further diversification of the market, i.e. multiple providers being able to offer multiple services • Develop right mix of skills to become a commissioner of services

Combined Assurance

Status Report Information and Commissioning



Date: December 2015

Contents

<i>Introduction</i>	3
<i>Key Messages</i>	4-5
<i>Next Steps</i>	6
<i>Critical Systems</i>	7-12
<i>Strategic Risks</i>	13-14
<i>Projects</i>	15-17

Contact: Judith Hetherington Smith
Details: Judith.HetheringtonSmith@lincolnshire.gov.uk

Introduction

This is the second combined assurance report for Information and Commissioning.

Working with management we have been able to show what assurances the Council currently has on the areas of the business that matter most – highlighting where there may be potential assurance ‘unknowns or gaps’.

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

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

Our aim is to give Senior Management and the Audit Committee an insight on assurances across all critical activities and key risks, making recommendations where we believe assurance needs to be stronger.

Scope

We gathered information on our:

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

Methodology

We have developed a combined assurance model which shows assurances across the entire Council, not just those from Internal Audit. We leverage assurance information from your ‘business as usual’ operations. Using the ‘3 lines of assurance’ concept:



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

We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.
- The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge **but** as accountability rests with the Senior Manager we used their overall assurance opinion.

Key Messages



Information and Commissioning staff have managed a wide range of commercial and communication challenges during 2015.

The team have successfully delivered a record number and scale of procurement of services with Adult Care bringing innovation to manage some of the difficult market challenges. A wide range of other procurements have also been undertaken including the challenging Library Service procurement. Contract management improvements have been recognised, project support is in high demand and the Strategic Communications team have managed council communications and media relationships in a volatile year.

The completion of the transfer of services from Mouchel to new arrangements had mixed success with accountancy, property services, pension administration and catering changes going smoothly and continuing to provide reliable services in the new arrangements whether insourced, in a new partnership or new contracts.

The transfer of IMT, HR, Finance and CSC services to Serco has been problematic and the recovery from the problems encountered is still in progress. The principle areas of difficulty have been:

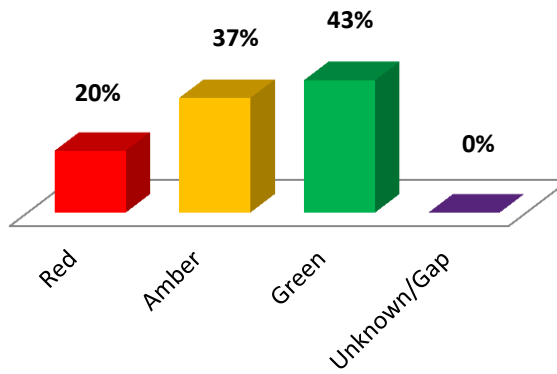
- The poor implementation of Agresso caused significant issues with payroll, accounts payable and the Council's financial ledger.
- The delivery of IMT transformation is behind schedule and this is impacting on the quality of IMT service delivery and delaying efficiency improvements for the Council.
- Serco have faced some staff shortages in key skill areas which has slowed recovery

There is good evidence that where Serco have sufficient skilled staff and there is no dependency on Agresso or delayed IMT transformation they deliver services well, these include: CSC service, the HR advice service and the Court of Protection service. There is also good evidence of progress in dealing with problems, particularly accounts payable and payroll.

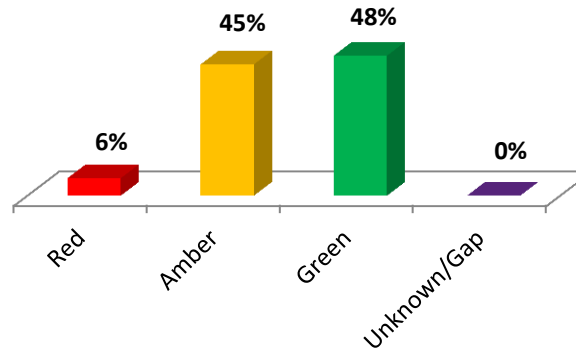
The relationship with Serco has been robustly managed but remains positive with both organisations committed to working through the problems to achieve a successful service and completion of the transformation activity.

Figure 1

Overall Assurance - Critical Activities 2015



Overall Assurance - Critical Activities 2014



Next Steps

2016 will continue with contract management, procurement, communication and significant IMT challenges.

Key challenges include:

- Ensuring that Serco complete delivery of the recovery of Agresso and the payroll and financial services that depend upon it, including close working with the Council's finance team to complete the 2015/16 financial year end.
- Ensuring that Serco deliver the IMT recovery plan including the transformation projects and service improvement projects.
- Contributing to the financial challenge faced by the Council through good communication both externally and internally, and through procurement, contract management and project delivery to drive down costs whilst supporting critical service delivery.
- Completion of the implementation of Mosaic delivering efficiency improvements for Adult and Children's Services as soon as possible, once Agresso is stable.
- Completion of implementation of the new contract and procurement rules to drive compliance with the new Public Contracts Regulations.
- Support and development of critical market sectors to support services in Lincolnshire, particularly the Adult Care market.

Critical Systems



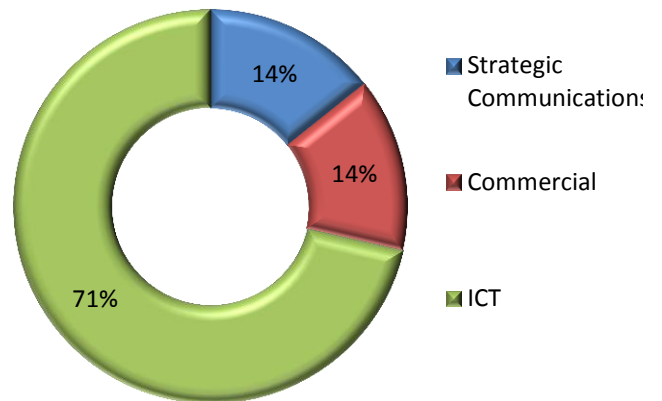
Assurance around the critical activities and systems identified for Information and Commissioning are generally strong. The majority of assurance gained by managers from the services they are responsible for is classified either as 'green' or 'amber'. The areas identified as 'red' are currently being addressed. Please refer to Figure 1 included on Page 5 of this report.

The critical activities are supported by corporate assurances provided by regular reports to Scrutiny Committee. Third Party assurance is provided in many of the ICT related areas through compliance with the annual PSN submission. Certification was received in November 2015 although some corrective action is required.

Some service areas within ICT have been the subject of internal audit reviews and these are reflected on the Assurance Map for Information and Commissioning. These reviews provide independent oversight and added value through recommendations made for improvement. Agreed actions are monitored to ensure implementation with progress reported to the Audit Committee.

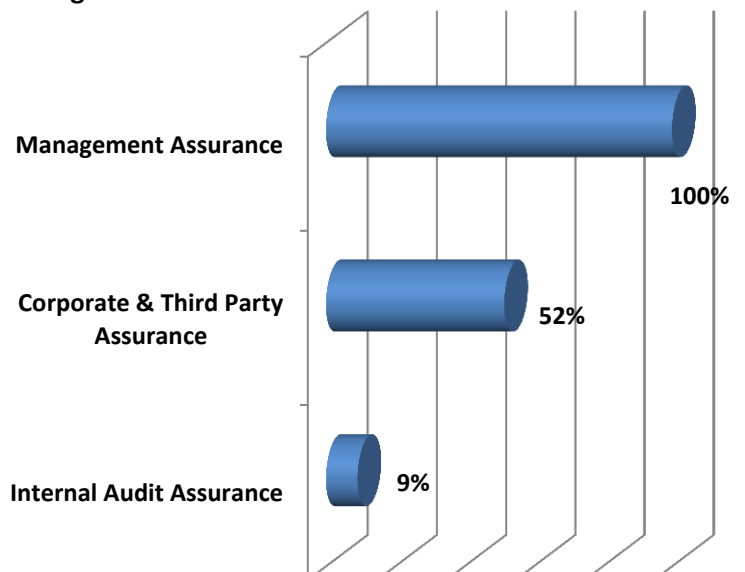
Figure 2

Information & Commissioning Distribution of Assurance



Who Provides Your Assurance

Figure 3



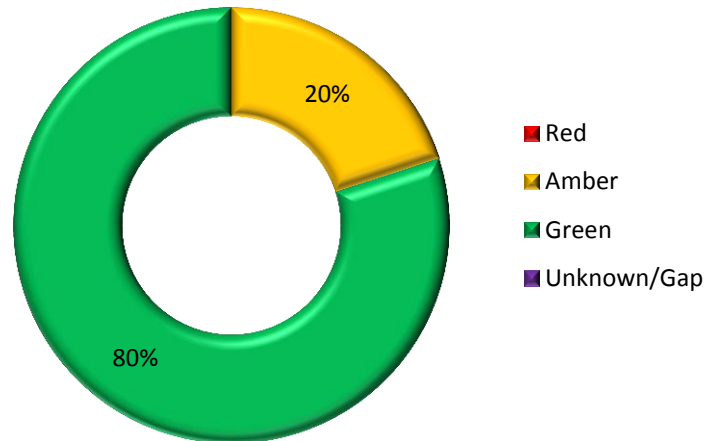
Strategic Communications

With continuing pressures on the Council's finances, the Strategic Communications Team continues to play an important role in communicating major changes to provision including newly commissioned and reduced services.

The team have lost one of the two additional fixed-term grade 7 posts recruited early last year to cover key priority projects. In view of the present financial climate, this post hasn't been replaced and the work has been integrated into the current team.

Figure 4

Strategic Communications



The digital engagement team have made further progress in developing the Council's digital and social media platforms and this is now embedded as an important part of all communications activity.

There remains some concerns over providing a 24/7 and weekend cover response service to both Facebook and Twitter communications – while the Communications Team will endeavour to monitor and acknowledge enquiries from the public, many service areas do not provide an immediate response service out of hours. While there will be messages on the Council's social media platforms warning of a limited response service out of normal working hours, it does raise concerns for areas like Children's/Adult Safeguarding if vulnerable members of the public choose to engage with these channels, although these are not the channels that the public are asked to use.

The digital engagement team continue to work with the Council's new partner Serco on a new website although progress has been slow due to other issues Serco have had to deal with.

There is now a more robust out of hours communications service in place in that officers can be paid for working extensive extra hours in the evenings and at weekends if this is necessary. There is not a full 24/7 service in place but media can contact the team during evenings and weekends and expect a response.

While there is no expectation that the present Communications Team will be reduced over the next year, the substantial financial pressures the council faces means, as with other areas, further reductions are likely after 2016.

Commercial Team

The Commercial Team

Having restructured in 2014 the Commercial Team has operated two Strategic Commercial and Procurement Teams (People and Infrastructure) and a Projects and Performance Team throughout 2015.

The Commercial Team has striven to provide high quality commercial, contract management and procurement advice and activity with increased demand and fewer resources which has, at times, led to unsustainable workloads.

Management take responsibility for assuring activity and advice given by the Team.

Commercial

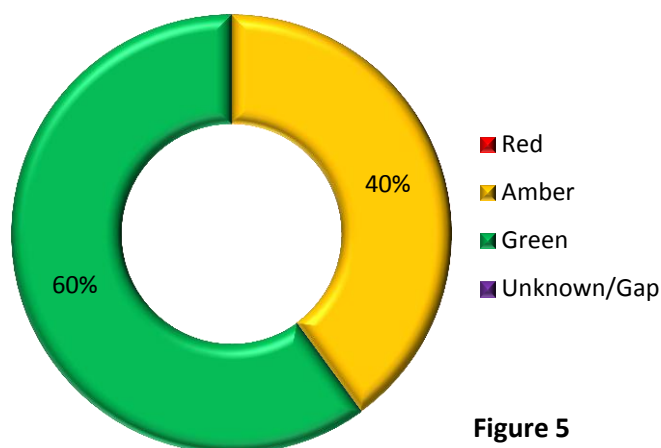


Figure 5

People Services Team

The new People Services Team brought together skills from Procurement Lincolnshire and the Adult Care Contract Management Team into a single team to support the Adult Care Directorate in its commercial activity and to support collaborative procurements with Children's Services, Public Health and the NHS. It has delivered a very substantial procurement workload working primarily with Commissioners in Adult Care re-procuring almost 60% of the overall Adult Care expenditure in 2015 alone to the value of £260m.

The service has built relationships and worked closely with LinCA to help support a sustainable local care market and has developed strong relationships with colleagues across Adult Care. Collaborative procurements have also taken place where appropriate with the team procuring on behalf of colleagues in Health (Integrated Community Equipment Service), Public Health (Carer's Support Service) and Children's Services (Carer's Support Service, Advocacy, Home Care Services). Opportunities have been taken to change the model of delivery where added value can be achieved or to increase market sustainability.

A Contract Management audit was undertaken at the start of the year covering contract provision in Adult Care including Older People & Physical Disabilities and Learning Disabilities and Mental Health and reported Substantial Assurance, a significant improvement.

During 2015 over 650 contract management meetings and visits took place and there was a sustained improvement in commercial relationships with providers. A risk management tool was developed to enable the Contracts Team to prioritise visits and a new contract management framework is being developed.

The Adult Care market remains vulnerable and a key challenge for 2016 is how the Council may better support the market.

Infrastructure

New Public Contracts Regulations (procurement regulations) have been issued and the Team has updated the Council's contract regulations accordingly. Training has been provided across the Council and the Council's Contract and Procurement Procedure Rules which provide guidance and support have been re-written and are being consulted upon within the Council. The Council's standard procurement templates are also being reviewed and updated and will be available in revised form before the end of the year. The procurement environment continues to be litigious and therefore presents risk notwithstanding the support available.

The Team has developed and put in place robust arrangements to;

- manage Serco's payment and performance;
- hold Serco to account against the contract;
- provide contract administration;
- manage change in accordance with the contract;
- processes are in place to review monthly volume and key performance data prior to the monthly payment being made.
- collate and provide management information to the various governance boards.

This work continues to ensure obligations are met, services delivered within budget and the partnership conducted transparently.

The Council's procurement strategy has been refreshed to reflect the current procurement climate informed by the National Procurement Strategy.

Projects and Performance

The team continue to be deployed on work identified as high priority by CMB. Project reports are produced detailing project status, deliverables, issues and risks and are available for CMB to monitor as well as the relevant project boards and consequently the team's work is subject to scrutiny. Projects sponsored by directors in other areas are included in their other Assurance Maps.

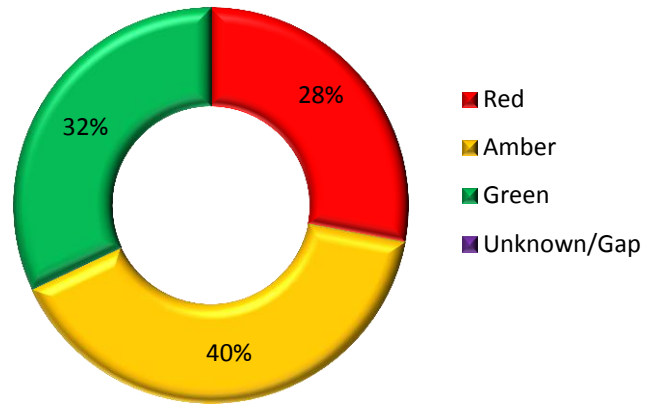
Projects sponsored by the Chief Information and Commissioning Officer are shown at the end of this report with the significant issues being Agresso and Mosaic. Serco delays in delivering IMT infrastructure and project business cases have adversely impacted on the project delaying some deliverables.

The Team is continually and fully deployed and there is a high risk that it will have insufficient resource to support all those future projects that would benefit from its input.

IMT

At the point of the previous ICT Assurance Mapping exercise in November 2014, IMT had completed its work to transform the internal IMT team to be an 'intelligent client' and had, through the contractual commitments entered into by Serco, ensured that there would be an improvement across the delivery of IT Services to the Council. It was anticipated that all areas of IT Delivery would be trending upwards during 2015.

Figure 6



ICT

The IMT team has continued to develop and improve the Council's approach to Information Governance and has established a sound and robust framework designed to support the way LCC handles information, in particular, the personal and sensitive data relating to our customers and employees. This is extremely positive progress and improvements continue to be made in all areas of information governance including security incident reporting, staff awareness and data sharing with third parties. Efforts continue as there is still much to achieve.

Unfortunately the desire to implement an Information Security Management system across Serco delivered services appears to have faltered – significant effort will be required by Serco in order to bring this back on track.

Whilst Records Management remains a concern, the recruitment of a specialist in this field has enabled the IMT team to identify key risks. Corporate activity continues to focus efforts on improving this environment but this will take time.

The management of IT contracts and financial aspects remains in a very good position with a good level of assurance continuing to be evidenced.

However, poor performance by the new IT Service Provider has hampered improvements, or in some aspects worsened, the Council's ability to provide the levels of service delivery contracted for and to deliver the level of innovation required, supporting Service Areas with their own improvement plans and technology enabled efficiencies.

In regards to Transformational Activity, there were a number of key projects included to be delivered prior to the 1st April service take-on date that would have acted as the foundation for further transformation and innovation. At present, almost all of this work remains outstanding with many aspects still without delivery plans. The failure of the IT service provider to complete this work prevents further innovation being delivered and is having a negative impact on the Council's ability to meet the changing need of the organisation.

A maturity assessment in regards to the breadth of 'day to day' services required to deliver a good level of IT service. It is expected that this will demonstrate that the IT service provider is not completely fulfilling the contractual commitments entered into and therefore places the Council at some risk in regards to key aspects of the IT service not being managed appropriately.

Due to the inability of the IT service provider to undertake and deliver technical change projects, the IMT team is unable to document an IT Strategy that is achievable and is not able to develop the necessary Service Improvement Plans necessary to bring service levels to an acceptable standard.

Whilst the Council now benefits from a professional, experienced and capable internal IT Governance and Assurance function, those aspects which rely on our IT Service Provider are falling short of expectation.

The above situation has, and continues to, place excessive workloads onto key staff to manage the service and a lack of progress is causing extreme frustration. As a result, there is a risk trending upwards in regards to retaining key staff and maintaining the current commitment to resolve the issues with the IT service provider.



Strategic Risks

Strategic Contracts

Whilst management of strategic contracts has been implemented and improved very effectively during 2015, contract management of critical Adult Care contracts and the Serco contract remain a high priority as failure of any of these contracts would be high risk to the delivery of critical council services.

Governance (Agresso)

Governance of the remediation of Agresso is a critical activity to complete the 2015/16 accounts and stabilise finance and payroll service delivery. This is under careful scrutiny by a cross party recovery group, the council's Executive and the Audit and Value for Money Committees.

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

Strategic Contracts

Governance (Agresso)

Strategic Risks - Assurance Map as at 30th November 2015	OWNER	RISK APPETITE	<p>Likelihood ↑ Impact →</p>	<p>Likelihood ↑ Impact →</p>	DIRECTION OF TRAVEL	Management Assurance Status (Full, Substantial, Limited, No)	Corporate Functions & Third Party	Internal Audit	OVERALL ASSURANCE STATUS	COMMENTS
			CURRENT RISK SCORE	TARGET RISK SCORE						
RAG Rating for level of assurance Red (R)/Amber (A)/Green (G)										



Page 130

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

Strategic Contracts Ensuring contracts are fit for purpose in the Commissioning Agenda	Judith Hetherington-Smith	<u>Creative & aware</u> (Finance & money - No Surprises - prepared to invest for reward and minimise the possibility of financial loss by well measured risk taking)	<u>Creative & aware/ cautious</u> (Partnerships - Recognised that we work differently with different contractors / partners)	<p>Likelihood ↑ Impact →</p>	<p>Likelihood ↑ Impact →</p>	→	unknown	unknown	unknown	unknown	Within our work plan for 2015/16, this is an area we will be looking at and the risks associated with contracts.
Governance Effective implementation of the Agresso system to ensure good governance in respect of key Financial and HR systems	Judith Hetherington-Smith/ Pete Moore	<u>Creative & Aware</u> (Reputation & Organisation / service user confidence - This is a time limited risk that needs managing to ensure effective implementation and sound governance systems)		<p>Likelihood ↑ Impact →</p>	<p>Likelihood ↑ Impact →</p>	↑	A	Unknown	Unknown	A	This is a new significant risk that has been included. It has been recognised as an organisation, the issues relating to the implementation of the Agresso system. It has been documented and appropriate mitigating actions have been highlighted and included for this risk.

● = On track



Key Projects in Information & Commissioning

Projects			
	Dec 2014	Dec 2015	
Agresso	●	See RAG rating	<p>The project completion has been delayed. Progress is being made and big strides have been achieved in addressing problems with the system. There remains work outstanding and it is anticipated that the remaining issues with Agresso will be resolved by June 2016.</p> <p>RAG rating – RED</p>
Mosaic	●	See RAG rating	<p>The project completion is delayed and has dependencies on Agresso and Serco Finance staff to complete. If all goes according to plan for Agresso and financial year end activity, it is anticipated that Mosaic should be live in the summer 2016.</p> <p>RAG rating – RED</p>

Page 131

	Dec 2014	Dec 2015	
Supporting Channel Shift	n/a	See RAG rating	<p>Project to increase the number of different channels available for customers to use when contacting the Council.</p> <p>There are some issues and resulting delays in this project. A review is currently ongoing and once updated plans are received there will be a clearer understanding of where channel shift can be progressed (and timescales possible).</p> <p>RAG rating - AMBER</p>
Contract Management Framework	●	●	<p>Initial phase is to develop and implement a Contract Management Framework to ensure consistency of approach, strengthen Customer Relationship Management approach and develop skills to work with key stakeholders.</p> <p>The second phase is to deliver a procurement solution for the shared service. An implementation plan is to be agreed and signed off. The project is due to complete by June 2016</p> <p>RAG rating – GREEN</p>

	Dec 2014	Dec 2015	
Corporate Contracts Register	●	●	<p>This project is designed to address the inconsistencies around recording of contract information.</p> <p>RAG rating - GREEN</p>

This page is intentionally left blank

Regulatory and Other Committee

Open Report on behalf of Dr Tony Hill, Executive Director of Public Health and Community Wellbeing

Report to:	Audit Committee
Date:	25 January 2016
Subject:	Audit of Coroners Service – Update on Progress

Summary:

This report provides an update on the actions arising from the Corporate Audit of the Coroners Service undertaken in Spring 2014. This report is provided for information purposes and to up date on progress and the direction of travel.

Actions Required:

Prepared for information and comments would be welcomed.

1. Background

1. The County Services Manager (CSM) for Registration and Celebratory Services and the Coroners Service has raised a number of significant concerns regarding the efficiency and effectiveness of the Coroners Service in Lincolnshire for some time. To provide external verification of the service a number of reviews have been commissioned or have been received, including the Corporate Audit published in June 2014.
2. The Corporate Audit highlighted issues around financial management, Coroners' workloads, compliance with financial procedures, budgeting and a lack of consistency in working practices.
3. This report aims to provide a summary of the progress following the audits and other reviews which have been undertaken on the Service.
4. The Chief Coroner for England and Wales recognises the challenges encountered by all agencies arising from the 'triangle of responsibility'. The Coroner as an independent judicial officer; the Police Authority who often employs the Coroners Officers or are the initial point of contact for sudden death; and the Local Authority who funds the service and yet has no line management control over the Coroner or, in Lincolnshire, the Coroners Officers.

5. The financial elements have or are largely being addressed, although there are still some challenges for those elements outwith the control of the CSM. Changes to staffing, structure and the introduction of Agresso have all proved to be extremely helpful in providing a consistent framework for the raising of purchase/requisition orders. However, the Agresso budget monitoring elements are still in development corporately. Monthly budget monitoring is completed with support from a financial officer and budget projections are now based on better analysis, invoice reconciliation and improved contract monitoring.
6. The uncertainty around the financial liability for long inquest payments continues and the development of a mechanism for 'validating' long inquest payments as requested in the original audit remains a challenge. Advice has been received from the Chief Coroner on this aspect and numerous requests have been made of the Senior Coroner to ensure timely and accurate updates on the financial impacts of these inquests. In addition, alternative structures were explored via consultation with the Coroners in Spring 2015. This remains work in progress and therefore the financial risk associated with the long inquests continues.
7. Structure – The original Audit Report suggested looking at the viability of merging coronial areas. Options for the provision of increased support to the Coroners (which could be via the use of additional Assistant Coroner support; the employment of a full or part time Area Coroner to cover both coronial areas; a move to a single coronial area (the Chief Coroner's preferred option) or maintain the status quo) was consulted on with the Coroners and Assistant Coroners in June and July 2015. The aim of the options paper was to identify a way forward which would have provided the additional support both Coroners needed to reduce their working hours and to better manage the financial risk of long inquest payments which are difficult to budget for. These options are being reconsidered as part of the current corporate budget review procedures and a paper will be taken to the Informal Executive in February 2016 for consideration. The need to review the current configuration has taken on more urgency due to the pending resignation of the South Lincolnshire Senior Coroner.
8. Standardisation – The Audit Report raised issues around consistency, working practices and the clarification of roles and responsibilities. This is being addressed as part of the actions arising from this Corporate Audit and an external 'Peer Review' of the Coroners Officers, which was commissioned by the CSM in February 2015. It also links into a report on suicides completed by the Child Death Overview Panel.

9. An e-referral system has been developed, which provides a standardised mechanism for reporting a death to the Coroner. It is a comprehensive on-line system which is providing Coroners Officers with information in a more timely manner and in many cases, the quality of the information received at this first point of contact is vastly improved. This is unique in England and Wales and has been positively received by health care professionals and is evidence of national best practice being initiated by Lincolnshire staff.
10. Policies and Processes – There is now a clear process for developing and reviewing policy documents for the service, supported by a comprehensive induction guide. Policies also include payments to Assistant Coroners. A standardised process for Juror and Witness expenses was introduced in 2014 and continues to be reviewed. This provides improved information to individuals and a clear framework for processing and auditing claims for expenses.
11. Governance – This element continues to be work in progress. To support the governance of the service, quarterly meetings are held with the two Coroners. There is a standard agenda, with budgets and support agenda items. Regular meetings are held with the Coroners Officers and police colleagues and the council continues to benefit from the support of Assistant Director, Mark Housley, as strategic lead for the Coroners Officers and resulting communications within the senior leadership group of Lincolnshire Police.
12. Case Management – Whilst significant strides have been made to try and introduce a case management system this is still in development as different approaches are made and revised to meet the individual requirements of the Coroners. In addition, a standardised file structure has been suggested to Business Support colleagues, however has not yet been fully adopted. Additional resources have been allocated to support these developments.
13. Customer Satisfaction – In 2014 a specific questionnaire was sent to families who had experienced a death to follow their bereavement journey. This included the initial contact with the Coroners Officers, the service provided by the contracted funeral director, and then by the Registration Office. This has been supplemented by a question in the annual survey (2014/2015) by the Registration Service. The results are summarised below:

Q16 If registering a death, and the Coroner was involved, how would you rate the Coroners service overall?

Number of Responses	Excellent	Very Good	Satisfactory	Poor	Very Poor
45	49%	27%	22%	2%	0

98% rated the Coroners Service overall as 'satisfactory' or better. This is an increase compared with the 2014 survey when 92% rated the Coroners Service overall as 'satisfactory' or better.

14. Complaints – All complaints are investigated thoroughly and entered onto the corporate complaints system. Lessons learned are introduced where relevant, and training opportunities provided if required.
15. Operational Support – The operational support to the Coroners has developed, however continues to require further discussion and consideration in relation to clarity on roles and responsibilities. Business Support took responsibility for the administrative staff early in 2014. Developments for early in 2016 include the transfer of line management for the Coroners Officers to Lincolnshire County Council. This will provide a further opportunity to streamline communications, processes and work allocation. In addition, we hope to utilise the support of volunteers through the Coroners Court Support Service (CCSS) which aims to provide pastoral support to help bereaved families on the day of an inquest. Additional duties for the CCSS may include support to the Coroner through the use of recording equipment and the reading of witness statements.
16. Contracts – There are currently two formal contracts in place. The contract for Mortuary and Post Mortems was retendered in 2015, with the new arrangements in place wef 01 September 2015. This was fully supported by Procurement Lincolnshire and the contract is progressing well. The Coroners Body Removal Contract also operates smoothly. There are regular quarterly contract meetings and we have had the opportunity to work closely with these external colleagues on new developments such as Deprivation of Liberty Safeguarding, Winter Planning and Infection Prevention and Control. A Toxicology Contract is progressing well and should provide a regional framework in 2016-17 and beyond.
17. Risk Management – There is a service risk register and business continuity plan which is reviewed regularly. There is active engagement with the Emergency Planning Team in relation to Excess Deaths and Temporary Mortuary planning. Project risk registers are developed on initiation of a new project/contract and reviewed regularly.
18. Future Planning – There is a Service Plan for Registration, Celebratory and Coroners Services, which is published on the council's website. In

addition, there is a strategy document and supporting action plan which provide a focus for key project areas.

19. In a recent corporate audit assurance review, comments on the Coroners Service were:

'The Coroners Service has continued to respond to new guidance from the national Chief Coroner. The demands on the service especially in relation to Deprivation of Liberty Safeguarding Authorisations have remained high, particularly noticeable due to a higher death rate in 2015. The Service Improvement Plan following a comprehensive internal audit of the Coroners Service continues with a number of recommendations firmly embedded in the service. A further 'Peer Review' was completed in Spring 2015, which has been helpful in providing feedback on service delivery and opportunities for further developments. The service continues to look at ways to improve, which will result in enhanced support to bereaved families, the Coroner, and the remit to continue to improve efficiency and timeliness of Coroners' caseloads. In addition, budget monitoring is fully established to review expenditure and aid budget projections.'

2. Conclusion

The past two years have seen significant work completed to reduce the risks within the Coroners Service. However, complications of the existing structure, interpretation of judicial independence of the Coroner, and multiple lines of accountability and communication mean some developments are taking longer to develop and embed. Standardisation and consistency are key themes of the Chief Coroner and there will continue to be new opportunities to both work on existing work streams but also to develop new improvements.

The CSM and senior managers remain committed to improving the service to bereaved families in Lincolnshire; however this cannot be completed in isolation of the Coroners. The support of Councillors with these initiatives is greatly appreciated.

3. Consultation

a) Policy Proofing Actions Required

n/a

4. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Corporate Audit Report dated 24 June 2014	Please contact Donna Sharp on 01522 554052 or at donna.sharp@lincolnshire.gov.uk
Audit Committee Report dated 22 September 2014	Please contact Donna Sharp on 01522 554052 or at donna.sharp@lincolnshire.gov.uk

This report was written by Donna Sharp, who can be contacted on 01522 554052 or donna.sharp@lincolnshire.gov.uk

Regulatory and Other Committee

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

Report to:	Audit Committee
Date:	25 January 2016
Subject:	Whistleblowing Annual Report 2014/15

Summary:

This report provides an overview of the Council's whistleblowing arrangements throughout the year 2014/15.

Recommendation(s):

Items to note:

- a) whistleblowing activity for 2014/15
- b) ongoing work to raise awareness and provide assurance on the effectiveness of the Council's arrangements

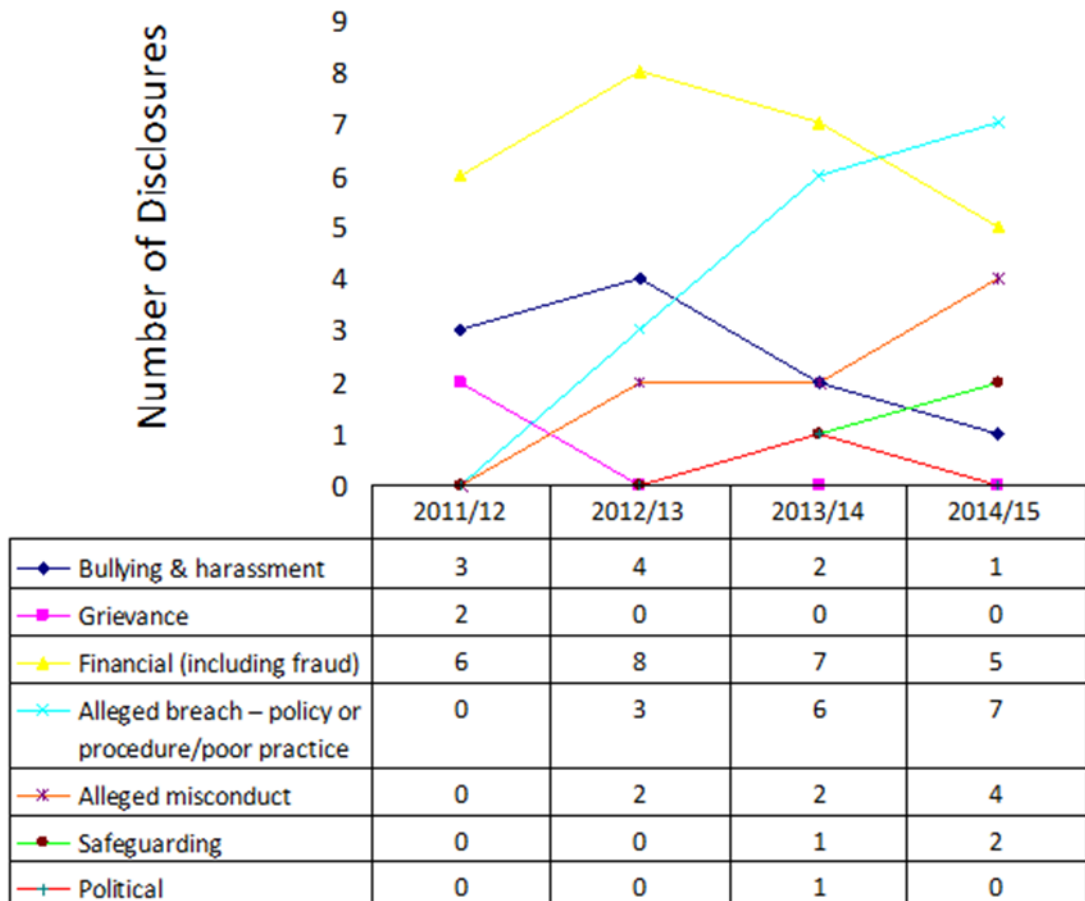
Background

- 1 This annual report provides a summary of:
 - analysis of contacts (disclosures) April 2014 to March 2015
 - comparison of whistleblowing activity and any emerging trends
 - measures taken to ensure the Council's arrangements provide an effective way of reporting concerns
 - any organisational learning arising from disclosures
- 2 Our last review of the Council's Whistleblowing Policy was in September 2013. This confirmed that the Council's policy complied with the recent changes in legislation and only minor amendments were required. The policy is subject to review every three years to ensure it remains up to date - the next review will take place in 2016/17.
- 3 Whistleblowing activity for 2014/15 was consistent with that recorded in previous years. The majority of whistleblowing disclosures originate from the school environment – this is a continuing trend with 58% of all contacts in 2014/15 relating to concerns in schools.

Whistleblowing disclosures 2014/15

- 4 We received 19 whistleblowing disclosures throughout the year – this is consistent with 2013/14. All disclosures were submitted via the Council’s dedicated whistleblowing facility (telephone hotline, email or PO Box address). Six disclosures were submitted anonymously – although this is a slight increase on 2013/14, most whistleblowers did reveal their identity and provide contact details during the disclosure which is one indicator that they have confidence in the whistleblowing process and the protection it provides. The analysis below shows the type and number of disclosures received in comparison with the last three years:

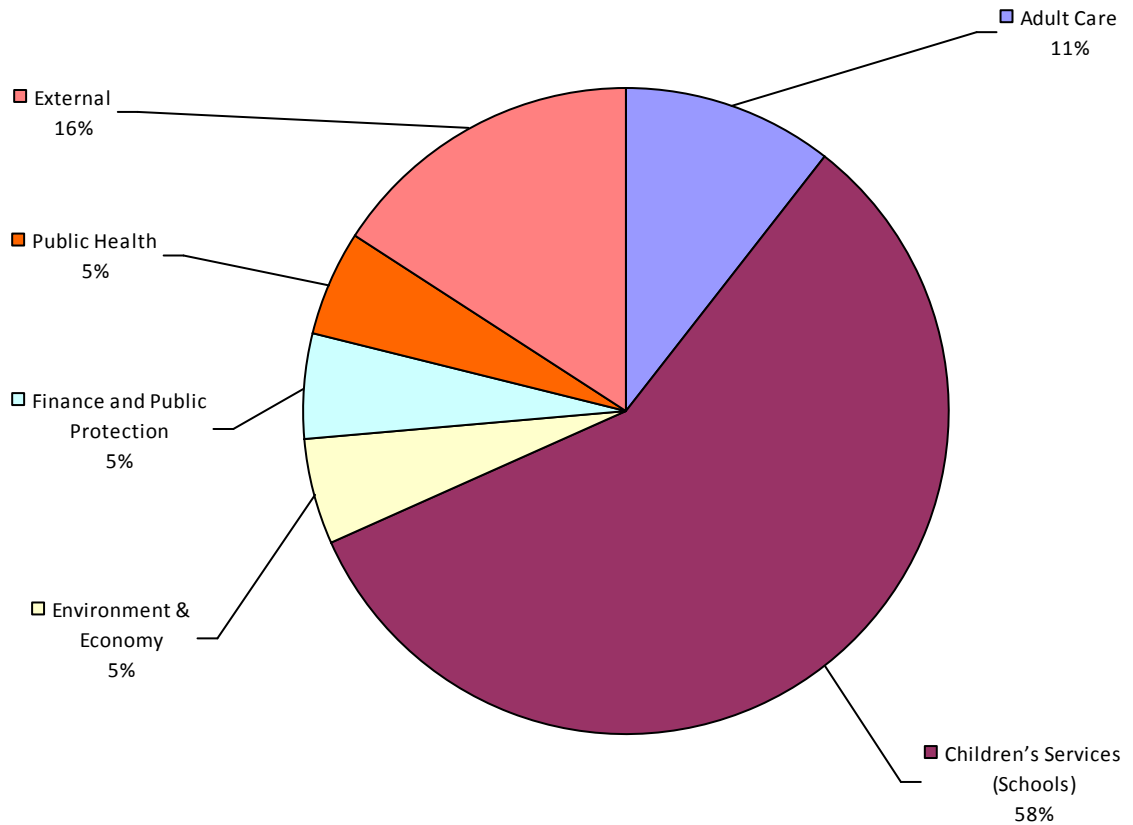
Analysis of disclosures - type and number



- 5 The results demonstrate that there has been an increasing trend over the last four years of referrals relating to alleged breaches in policy and procedure and possible poor practice. A similar pattern has been identified for reports of alleged misconduct. However, it is also noted that disclosures of alleged bullying and harassment are decreasing.

6 The chart below provides an analysis of contacts by directorate:

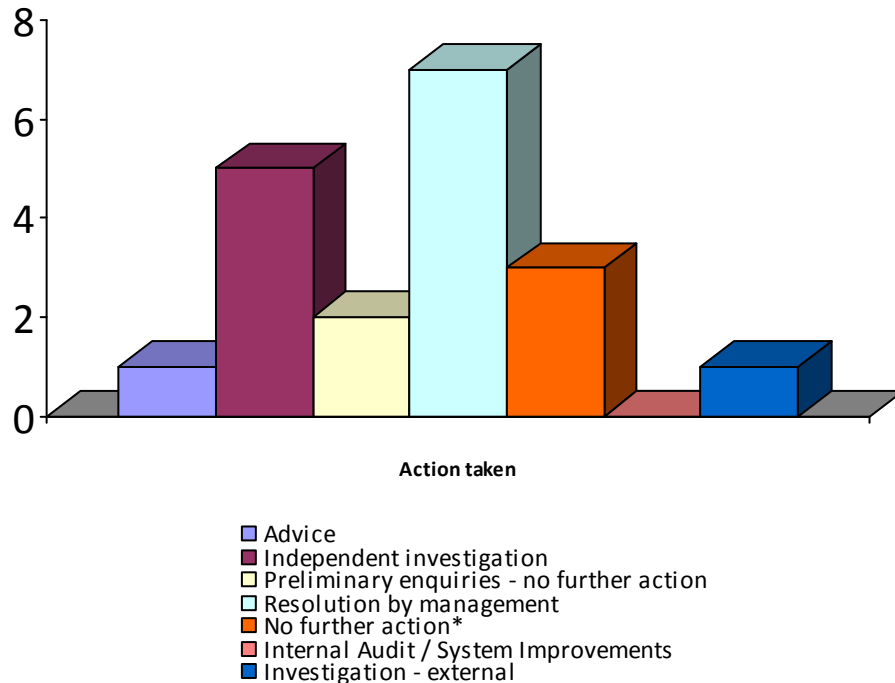
Referrals by directorate



7 The highest number of whistleblowing disclosures relate to Children's Services – all those cases referred for this directorate in 2014/15 related to concerns raised about schools – this has been a consistent trend over the last few years.

8 The table below shows how we dealt with the concerns raised throughout 2014/15:

Action taken where whistleblowing referrals made



9 Out of the 19 disclosures, 7 resulted in either preliminary enquiries or full independent investigation by the Council's Investigation Team. The formal investigations were mainly around conduct or policy and procedural concerns although one referral involved a suspected fraud involving staff members.

10 Investigation outcomes:

Of the five investigations resulting from whistleblowing disclosures – management action was taken in two cases. Of the remaining 3 cases, 6 members of staff were subject to disciplinary proceedings with the following outcomes:

- 2 resignations
- 1 dismissal
- 3 written warnings

Organisational Learning

11 Action plans are one of the key outcomes from any investigation work carried out – these are designed to promote organisational learning by assisting managers within schools and directorates to address issues that

are identified in the course of the investigation. We monitor action plans to ensure they are implemented within the agreed timescales.

- 12 Action Plans were produced following each of the five full investigations completed by the Counter Fraud and Investigation Team. Three of these investigations involved schools although there were no common themes arising from the root causes or nature of concerns. The team works closely with Human Resources and the Executive Director of Children's Services to ensure all other service/school specific matters are fully addressed.

Promotion of whistleblowing arrangements

- 13 During 2014/15 we made extensive efforts to promote awareness of the Council's Whistleblowing arrangements. Working jointly with the Council's Communications Team our campaign involved posters and leaflets distributed throughout the county to all Council establishments and schools, plus articles in County News, daily staff e-bulletin (NewsLincs) and the Schools Bulletin.
- 14 We have also worked with procurement and contract management teams to promote awareness of the Council's whistleblowing mechanism with Council providers and contractors.
- 15 The Counter Fraud and Investigation Team also operate the Council's fraud reporting facility on behalf of the local authorities in Lincolnshire. In conjunction with the Lincolnshire Counter Fraud Partnership there has been significant recent media coverage with both internal and external stakeholders to promote reporting of concerns where potential fraud may have occurred. As reported to the Audit Committee in November 2015 this has resulted in a significant increase in traffic through the whistleblowing and fraud hotlines – where appropriate we pass the referrals to the relevant authorities to make further enquiries.

Conclusion

- 16 We believe the number of concerns reported during 2014/15 provides continued assurance that the Council's whistleblowing arrangements remain effective.
- 17 Where disclosures result in preliminary enquiries or formal investigation we continue to produce action plans to ensure learning points are understood and implemented with subsequent improvements, where necessary.
- 18 As the majority of callers making disclosures in 2014/15 were willing to reveal their identity we were able to better explore and/or investigate their concerns – we believe this shows trust and confidence in our Whistleblowing arrangements. We do not officially close cases until we receive satisfactory feedback regarding resolution of the issues reported. Our view is that these features, together with the organisational learning,

continue to demonstrate the Council maintains a robust response to concerns raised via the whistleblowing mechanism.

- 19 The Investigation Team's work plan for 2015/16 and beyond ensures focus on promoting the Council's whistleblowing arrangements and should help provide the Committee with assurance that the Council continues to comply with its Whistleblowing Policy and the Public Interest Disclosure Act.

Consultation

a) Policy Proofing Actions Required

n/a

Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Whistleblowing Policy	Lincolnshire County Council website

This report was written by Matt Drury, who can be contacted on 01522 553690 or matt.drury@lincolnshire.gov.uk.

Regulatory and Other Committee

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

Report to:	Audit Committee
Date:	25 January 2016
Subject:	Internal Audit Progress Report

Summary:

This report provides an update on audit work undertaken in the period 1st July 2015 to 31st December 2015.

Recommendation(s):

That the Committee notes the outcomes of Internal Audit work and identifies any actions it requires.

Background

This report provides details of the internal audit work during the period 1st September 2015 to 31 December 2015. It also advises on progress with the 2015/16 Audit Plan and raises any other matters that may be relevant to the Audit Committee role.

Conclusion

During the period we have completed 12 County audits, 5 to final report and 4 to draft report stage as well as finalising 3 school audits. There are currently 2 audits in progress.

The service restructure was implemented 1st October 2015. The period of transition into the new structure and recruitment to vacant posts has not progressed as swiftly as anticipated and will continue to impact on audit resources to the end of 2015/16. We are managing this resource shortage with use of temporary staff where possible.

The Committee should note the outcomes of the audits and identify any action required, seeking assurance that they:

- understand the level of assurances being given as a result of audit work and the impact on the Council's governance, risk and control environment

- ensure management action has or is being taken to improve controls / manage risks identified

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Internal Audit Progress Report
Appendix B	CIPFA BGF Audit Committee

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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



Public Sector Auditing.... Private Sector Thinking

Internal Audit Progress Report



Date: January 2016

Contents

	Page
Introduction	1
Key Messages	1
Internal Audit work completed in the period 1st September to 31st December 2015	2
Audits in Progress and Other Work	4
Performance Information	7
Other Matters of Interest	7
Appendices	
Appendix 1 – Assurance Definitions	9
Appendix 2 – Reporting on Limited or Low Assurance	10
Appendix 3 – Audit Plan 2015/16	16
Appendix 4 – Briefing Paper on Revised Audit Plan 2015/16	23

Contact Details:
Lucy Pledge CMIIA
Audit & Risk Manager



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

Introduction

1. The purpose of this report is to:
 - Provide details of the audit work during the period 1st September 2015 to 31 December 2015
 - Advise of progress with the 2015/16 Audit Plan
 - Raise any other matters that may be relevant to the Audit Committee role

Key Messages

2. During the period we have completed 12 County audits, 5 to final report and 4 to draft report stage as well as finalising 3 school audits.
3. There are currently 2 further audits in progress. All contracted Academy visits for 2015/16 are progressing in accordance with their agreements.
4. The service restructure was implemented 1st October 2015. The period of transition into the new structure and recruitment to vacant posts has not progressed as swiftly as anticipated and will continue to impact on audit resources to the end of 2015/16. We are managing this resource shortage with use of temporary staff where possible.
5. The service restructures and impact of Agresso during 2015/16 has resulted in a revision to the Internal Audit Plan. We reported that this would take place during the September 2015 Audit Committee Meeting. Revisions have now been agreed with Directors and the annual plan reduced to 848. The full revision briefing paper is shown in Appendix 4.
6. The detailed Audit Plan is shown in Appendix 3 with current progress as follows:
 - 48% completed or at draft report stage
 - 14% In progress
 - 29% agreed and scheduled during quarter 4
 - 11% potential audit areas to be agreed and scheduled¹

¹ Our quarterly liaison meetings agree and schedule audits during the year based on the risk based plan and new emerging risk areas.

Internal Audit work completed in the period 1st September 2015 to 31st December 2015

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

High Assurance	Substantial Assurance	Limited Assurance	Low Assurance
■	<ul style="list-style-type: none"> ■ CfBT – School Improvement Plans ■ Raising the Participation Age ■ Adult Learning 	<ul style="list-style-type: none"> ■ Business Rate Pooling ■ Big Society Grants 	■

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

8. Since our last progress report we are reporting 2 audits with an opinion of 'Limited Assurance' – more detail can be found at Appendix 2:

Business Rate Pooling

We found that the business rate pooling processes are being adequately managed. Government business rate guidance and the Memorandum of association were complied with; However inconsistent methods of calculating retained business rate Income and making provisions for appeals have resulted in large variances between estimates and actual income, impacting negatively on budget management.

Big Society Grants

Our review identified strong areas such as reporting to full council and individual councillors on fund utilisation and a sound procedure for approval and payments of grants; however a lack of monitoring of the approved projects raises the potential for misappropriation of the funding and an adverse impact on the reputation of the Council and the wider Big Society concept. This reputational risk materialised in May 2015 when misuse of the big society fund was reported by Local Media as a result of an official complaint to the Council, which further supports the need for robust monitoring arrangements.

9. Below is a summary of the areas where we gave the audit opinion of 'High' or 'Substantial' assurance:

CFBT School Improvement Plans follow up review

CfBT are contracted to provide school improvement services across all three education settings within Lincolnshire: primary, secondary and special schools.

In June 2015 we completed a review of the School Improvement Service (SIS) and in our report we made eight recommendations.

The purpose of this audit is to provide independent assurance in respect of one of the recommendations made; whether the CfBT SIS Assurance Review monitoring protocol is embedded within all education settings, particularly secondary and special schools.

We found that maintained schools and academies are receiving appropriate support under the core offer, although the documentation of visits and other interaction is not yet consistent across the educational settings. Quality assurance arrangements have been developed utilising a diverse range of techniques. Information in respect of schools is now held centrally.

Raising the Participation age

In the 2008 Education and Skills Act, the government set out its intention to raise the participation age (RPA). Since 2013, all those up to the age of 17 have been required to take part in some kind of 'appropriate' education and training. From 2015, this extended to age 18. The raising of the participation age gives local authorities new roles, opportunities and challenges in supporting young people who are not in education, employment or training.

Benchmarking, wider performance data and other evidence indicate that the authority is satisfactorily implementing RPA statutory guidance.

We found that;

- strategic overview has been undertaken of the provision available. The analysis undertaken did not identify any gaps in provision within the area.
- support is made available to all young people aged 13-19 and to those up to age 25 with an Learning Disability Assessment or Education, Health and Care plan that will encourage, enable or assist their participation in education or training.
- participation in education and training of 16 and 17 year olds in the area is effectively promoted.
- A tracking system is maintained to identify 16 and 17 year olds who are not participating in education or training.

Adult Learning

The Adult Learning service offers community learning programmes throughout the county operating on a budget of approximately £1.6m per annum. Our audit sought to provide assurance on the financial management of the service.

We are confident that processes in place are sufficiently robust and resilient to ensure that grant income is recognised in the correct accounting periods and that accurate and complete claims for funding are made to the Skills Funding

Agency. However the problems with Agresso are affecting the ability to manage budgets and the scheme of delegation is in the process of being revised.

Audits in Progress

10. We have four audit's at draft report stage:

Business Continuity Management

Business Continuity Management (BCM) is a planning process which aims to ensure that key services to the community can continue to be delivered, to an acceptable level, in the event of an incident or disruption and return to normal working once the incident has been resolved. Our review has sought to provide assurance in the following areas:

- Sufficient capacity and resilience exists to respond to, and recover from, wider area prolonged emergencies and business disruption impacting on the continuity of critical functions and normal service delivery.
- Up to date Business Continuity plans are in place for all the Council's critical functions (including where relevant within the supply chain), which are fit for purpose.
- Business Continuity plans are regularly exercised, maintained and reviewed.
- Business Continuity is externally promoted to small business and the voluntary sector.

Concerto Property Asset Management System

We have included this audit in ICT plan as Concerto software is a new application. The scope of this review includes assessing whether adequate controls are in place to protect the system and data from unauthorised access, modification and system unavailability.

Agresso Project – Payroll

Our review focused on identifying and evaluating the controls in place within the 'end to end' payroll process, with a view to establishing the position around reporting and year end procedures. We aim to provide assurance that LCC have a robust, well controlled and fit for purpose payroll system.

Mental Capacity Act

The Mental Capacity Act 2005, provides a statutory framework for people who lack capacity to make decisions for themselves. It is supported by a Code of Practice (the Code), which provides guidance and information about how the Act works in practice.

Whilst the Act does not impose a legal duty on anyone to 'comply' with the Code certain categories of people including social workers, care managers, etc

are legally required to 'have regard to' relevant guidance in the Code of Practice. That means they must be aware of the Code of Practice when acting or making decisions on behalf of someone who lacks capacity to make a decision for themselves, and they should be able to explain how they have had regard to the Code when acting or making decisions.

Our review will seek to provide assurance that the adult care workforce have regard to the Code when acting or making decisions. Our work reviewed the following areas:

- Training of the adult care workforce relating to the Mental Capacity Act 2005 and the Code of Practice
- Application of the code guidance in practice
- Monitoring the application of the code by senior management within adult services.
- Management of Deprivation of Liberty Safeguard (DoLS) risks. (High level review only)

11. The following audits are currently in progress:

Pensions

Since the implementation of Agresso in April 2015, a number of issues relating to pension deductions and third party payovers have been brought to the attention of LCC senior management. These have included:

- Delayed payment of contributions to third parties
- No / incomplete information provided to third parties to support payovers
- Incomplete / incorrect information reported to Pension Funds on starters / leavers / changes

The LCC Pension Fund Manager has also highlighted areas of concern specifically relating to the LGPS. Our review includes:

- identifying and evaluating the current procedures and controls in place to provide monthly contribution reports and to update pension funds on starters, leavers and changes
- review of payroll to third party payover reconciliations and supporting reports
- analytical review and substantive testing to assess the accuracy and completeness of Prudential AVC, LGPS, Teachers and NHS pension deductions and monthly contributions paid over
- accuracy and completeness of pension postings to the general ledger

Freedom of Information

Our audit seeks to provide assurance that the authority is compliant with the Freedom of Information Act 2000. The review will include assessment of training, policy, guidance, and publication schemes. We will also evaluate processing and performance in relation to statutory timescales.

Other Work

12. Agresso Project - Finance

We continue to work closely with the Agresso project team – post implementation to provide guidance and support as needed.

13. Families working together

On behalf of Children's Services we provide assurance that the performance figures provided to the DCLG relating to the quarterly Troubled Families grant claim are:

- Accurate
- Bona fide
- Related to eligible families (based on criteria from the financial framework payments-by-results scheme for local authorities)
- Supported by adequate evidence

We have completed our first quarter audit of the grant claim and plan to carry out the quarter 2 and 3 work this month.

14. Tender and Contract Award – Draft stage – awaiting management response

In August an issue arose around the tender and award of a major building contract – management commissioned us to review the procurement process and the subsequent letting of the contract. Our review focused on compliance issues around:

- new Public Contract Regulations, which came into effect on 26 February 2015
- Council's own Contract Regulations and Contract and Procurement Procedures
- Gateway Control Framework for building projects
- partnership contract specification

We have now completed this work and reported back to management in full. We have agreed an action plan ensuring lessons learnt are considered in the future.

Performance Information

15. Our performance against targets for 2015/16 is shown in the analysis below:

Performance Indicator	Annual Target	Profiled Target	Actual
Percentage of plan completed (based on revised plan)	100%	75%	57%
Percentage of recommendations agreed	100%	100%	100%
Percentage of recommendations implemented	100% or escalated	100% or escalated	N/A
Timescales: ²			
Draft Report issued within 10 days of completion	100%	100%	100%
Final Report issued within 5 days of management response	100%	100%	75% ³
Draft Report issued within 2 months of fieldwork commencing	80%	80%	40% ⁴
Client Feedback on Audit (average)	Good to excellent	Good to excellent	Good to excellent

Other Matters of Interest

16. CIPFA Audit Committee Update 18

In the recent Audit Committee update the CIPFA Better Governance Forum has provided some guidance on self-assessment and improving effectiveness for Audit Committees. The guidance includes a suggested approach for assessment through considering 4 broad areas:

- whether the committee is meeting recommended practice for committees in its sector
- whether the committee is addressing its areas of responsibility adequately
- whether the members have acquired the necessary knowledge and skills to be effective
- whether the committee is adding value to the organisation

² Based on targets for 5 2015/16 reports completed

³ Big Society Fund final report handed from one leaving staff member to another which created a delay

⁴ Big Society Fund opinion created some rewriting of reports and further work on review. Complexities and availability of key staff during the payroll audit resulted in 2 month span being exceeded. CfBT review suffered delays in the review process due to investigation priorities.

The document also provides advice on how to undertake the assessment and acting on its results. A copy of the update is provided as Appendix B which accompanies the progress report.

17. Lincolnshire Audit Committee Forum

Members will be familiar with the Lincolnshire Audit Committee Forum – an Audit Committee networking group to enable sharing of good practice, emerging governance and risk issues and hot topics for public sector audit committees. It is designed to help and support audit committees effectiveness.

We plan to host an all-day forum event on 17th March 2016 at North Kesteven District Council (supported by KPMG). The indicative agenda is:

Morning (Chairman and Vice-Chairman)

- What makes an effective audit committee
- Information sharing
- Hot topics
- Networking lunch

Afternoon (open to all members of the Audit Committee)

- Cyber risk
- Thinking about risk

Appendix 1 - Assurance Definitions⁵

<p>High</p>	<p>Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.</p> <p>The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.</p>
<p>Substantial</p>	<p>Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.</p>
<p>Limited</p>	<p>Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.</p>
<p>Low</p>	<p>Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.</p>

⁵ These definitions are used as a means of measuring or judging the results and impact of matters identified in the audit. The assurance opinion is based on information and evidence which came to our attention during the audit. Our work cannot provide absolute assurance that material errors, loss or fraud do not exist.

Appendix 2 – Reporting on Limited or Low Assurance

Business Rate Pooling

Introduction & Scope

We performed a review of the interim business rate pooling calculations in June 2015 and the final calculations in September 2015. We reviewed the methodology applied in arriving at the business rate estimates and actual pooling figures.

In 14/15 the business rate Pool members were Lincolnshire County Council, North Kesteven District Council, South Kesteven District Council, East Lindsey District Council, Lincoln City Council and Boston Borough Council. The aim of the Pool is that by councils working together they can retain a greater proportion of any business rates growth within the Pool area, providing an opportunity to promote further economic growth as well as build financial resilience.

The importance of the Pool is now even greater due to a recent announcement by the Chancellor of the Exchequer about a series of major reforms to local government. The principal area of reform is that by the end of the Parliament, local government will be able to retain 100 per cent of local taxes.

As a result of this announcement business rates will now become a main source of Funding for local government. The accuracy of the business rate pooling calculation is therefore of greater significance in 15/16.

Our work involved reviewing the adequacy of the business rate pooling calculations to meet the following objectives:

- Compliance with Government business rate guidance
- Compliance with Memorandum of Understanding
- Consistency of approach in methodology by all councils within the Pool.

We reviewed the following as part of the business rate pooling audit:

- The accuracy and the methodology applied for Retained business rate income for each council in the Pool
- The percentage of business rate retained income to the split per the Memorandum of understanding.
- The movement between the estimated interim income figures and the final actual figures.
- The provision for appeals as a % of the rate yield

Key Messages

Limited Assurance

We found that the business rate pooling processes are being adequately managed. Government business rate guidance and the Memorandum of association were complied with; However inconsistent methods of calculating retained business rate Income and making provisions for appeals have resulted in large variances between estimates and actual income, impacting negatively on budget management.

Summary of findings

Inconsistent methodology at interim stage

The review of the interim calculation of the retained income figure identified that in some cases the methodology followed by the councils was not consistent:

- Renewable energy - Some councils took the renewable energy figure off to arrive at the collectible rates and then took it off again to arrive at the net yield figure. Net yield was therefore understated. Other councils incorrectly added on the renewable energy figure to arrive at the collectible rates and then took it off to arrive at the net yield figure. Net yield was therefore overstated.
- Transitional protection payments – One council did not include the TPP in their calculation. The net yield was therefore overstated.
- One council did not take off their cost of collection in arriving at the net yield. The net yield is therefore overstated.
- Flood relief – one council did not include the flood relief in their calculation
- S31 discretionary relief – one council based their estimate on receiving relief on all applicable properties which is not a realistic estimate as the Government decided that awards had to be applied for and not automatically granted.

It should be noted however that none of the above inconsistencies had a material impact on the overall retained income figures.

However, this may not always be the case and a consistent methodology should be applied in future.

Cipfa Model

At the year end the actual business rate income figures are input onto a Cipfa calculation model spreadsheet. For both models 1 and 2 errors were identified by NKDC in the links and formulas. We reviewed model 3 and have identified a further error in the calculation of the safety net threshold. Although these errors did not result in material differences it does mean that less reliance and assurance can be placed on these spreadsheet calculations.

Unreliable estimates

We reviewed the year end actual income figures to the interim estimates and found there were large variances. For the majority of the councils the variance was around 3.5%. This was due mainly to the changes in provision for appeals. The Government announced shortly after budgets had been set for 2014/15 that no more appeals would be accepted after the 31 March 2015 against the 2005 and 2010 valuation listings. As a result all the councils had a large number of appeals (some over £1million) lodged in March 2015 which could not have been predicted with any accuracy.

One council had a variance of 11% which was caused by 2 material rateable value properties making a late appeal which affected their provision. They also were affected by the valuation office determining that one of their new energy plants was mostly renewable energy which appears to contradict with an earlier determination for a similar facility which was mainly classed as non-renewable. Both of these factors caused their retained income to be materially reduced.

A consistent approach by all councils to the estimates used needs to be applied in future in order to aid easier and quicker identification in-year should such similar issues arise.

Provision for appeals

We identified that at present there is not a consistent approach by the councils to the provision for appeals. A simple analysis of the level of provision as a percentage of the rate yield sees a range of 3.7% to 17.6% for the various councils in the Pool. While local variation will naturally play its part, such a range is felt to indicate different approaches to the calculation of appeals is also at play. There is also no consistent approach to the data collection for appeals. Some councils use Analyse Local where as others use data collated internally.

A consistent approach to data collection and to the calculation of a provision for appeals needs to be established.

Inclusion in the Pool

Our work identified that some councils at present in the pool are getting closer to the safety net which could therefore result in the Pool in future years having to pay them money. Other councils which did not join the Pool last year were found as a result to have made a levy payment to the Government instead of to the Pool (resulting in a loss of £600,000 of resources from Lincolnshire).

In order for the Pool to continue to be effective and beneficial to all the Pool members the councils included in the Pool need to be monitored and reviewed regularly, in order to maximise the overall financial position for Lincolnshire authorities.

Big Society Grants

Introduction and Scope

Introduced in 2011 under the Central Governments Big Society initiative, the Councillor's Big Society Fund enables all the County Councillors for Lincolnshire to make awards of funding to a range of local groups and organisations. The objective of the fund is to enable the Councillors to improve the quality of life and wellbeing of their local communities.

At the start of the financial year each Councillor is allocated £2,000 to award to Groups or Organisations in order to help them make a positive change in the local area or benefiting the wider community. It is at the discretion of the individual Councillor as to how much they award from the amount and how they split the funds amongst the Groups and Organisations. Any unallocated funding is return to core budgets at the year end. The total fund for 2014/15 was £154,000, with £150,564 being spent on 364 projects across the county.

Groups or Organisation can approach their local Councillor to make a request at any time throughout the year and there is no requirement for match funding. All the approved schemes are required to spend the monies awarded within 12 months of receipt and respond to any monitoring and evaluation requests from the Council.

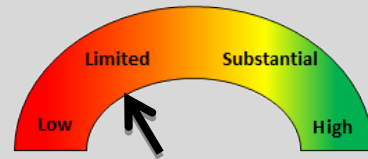
In order to provide assurances on the arrangements for managing the Councillor Big Society Fund and ensuring they are operating effectively to achieve the desired outcomes we reviewed the process and concentrated on the following key areas:

- The fund is appropriately administered and managed.
- Grants are spent in line with the intended purpose.
- Regular reporting is made to Councillors on the use of the fund.

Executive Summary

Assurance Opinion


Limited



Our review identified strong areas such as reporting to full council and individual councillors on fund utilisation and a sound procedure for approval and payments of grants; however a lack of monitoring of the approved projects raises the potential for misappropriation of the funding and an adverse impact on the reputation of the Council and the wider Big Society concept. This reputational risk materialised in May 2015 when misuse of the big society fund was reported by Local Media as a result of an official complaint to the Council, which further supports the need for robust monitoring arrangements.

To give assurances that the fund has been properly managed from application of award to the completion of the scheme, officers should introduce a monitoring programme in line with the grant funding agreement. This will ensure that funds are only awarded where the criteria has been met and spent in accordance with the intended purpose in order to achieve positive outcomes.

Direction of Travel

 No Change / Stable

Last audited in 2012, we could only give limited assurance over management of the funds. Although the documentation covering the Big Society Funds processes and procedures has been amended and improved since the previous audit, currently no monitoring of the approved projects is being carried out, which was a key finding in our last report. This has not improved as the team report no resource to carry out the monitoring processes.

The Grant Funding Agreement for the scheme states that assurance may be obtained from organisations to demonstrate that funds have been managed appropriately, proper records have been retained and that the recipient acknowledges the funding provided by the Council. Additionally any surplus funds should be identified and returned to support other projects. These assurances are not currently sought and monitoring was very limited during 2014/15.

To give assurances that the fund has been properly managed from application of award to the completion of the scheme, sample monitoring needs to be undertaken on a regular basis. This will help to verify that the awards have only been made to Organisations and Groups who demonstrated compliance with the criteria and that

the funds have been used appropriately to make a positive change in the local area and benefit the wider community.

This information can then be used in the post scheme evaluation with any lessons learned and good practice taken forward and applied to future initiatives.

Whilst acknowledging that no monitoring was currently being carried out, officers explained that there was a documented procedure in place to do so and they planned to implement a programme for monitoring for the approved projects late 2015 when additional resources become available.

During the audit we did note several areas of good practice, in particular:

- We found the processing and administration of grant awards to be effective
- There is a clear separation between the input and authorisation of awards
- Regular updates on the position of their individual allocation are presented to each Councillor prior to Full Council meetings
- Reporting on the overall progress of the fund is made to Full Council by the Lead Councillor.

Findings identified during the audit are detailed within the attached action plan. This includes recommendations which, once implemented, should help strengthen controls and improve the overall management of the fund.

We would like to take this opportunity to thank the Officers within Community Engagement for their time and assistance during the review.

Management Response

We appreciate the comments about the sound process of administration and management; this has come about as the result of regular review discussions with Business Support. We acknowledge and accept the recommendation on monitoring and actions have been agreed and have already commenced to address this. We raised concerns at the Audit Closure meeting around recommendation 2 with regard to Members checking policies and that this should be proportionate. It was agreed that a tick box will be added at the side of the statement already included on the application form to enable Member's to confirm that the fund's guidance has been followed. The Guidance will also be amended to reflect this; in addition to including the point that only the current version of the BSF application form can be accepted.

Management Actions	No	All to be completed by:
High	2	December 2015

Appendix 3 – Internal Audit Revised Plan 2015/16

Area	Indicative Scope	Planned start date	Actual start date	Final Report date	Status / Assurance opinion
Executive Director – Pete Moore					
Emergency Planning and Business Continuity	Review the Council's arrangements and resilience to respond and recover to a major event / incident.	Jun 2015	Jul 2015	Sept 2015	Limited assurance – Draft report seeking to resolve management disagreement.
Property – VINCI-Mouchel Contract	Consultancy assignment to support the business in developing the governance, management and monitoring arrangements for the new VINCI-Mouchel property contract	Apr 2015	Apr 2015	N/A	Assignment complete
Business rates Pool	Review of methodology used to calculate the additional income generated from pooling to confirm this aligns to national guidance and the MOU and verify calculations are based on correct data.	May 2015	May 2015	Oct 2015	Audit Complete – Limited assurance
Agresso Finance system	Consultancy assignment to support the business in ensuring efficacy of the new finance system.	Apr 2015	Apr 2015	Sept 2015	Report to committee September 2015
Payroll system	Consultancy assignment to support the business in ensuring efficacy of the new payroll system.	Apr 2015	Apr 2015	Jan 2016	Audit complete – Low Assurance
Executive Director – Richard Wills					

Joint waste management strategy	Review to provide assurance on arrangements and progress for the district waste strategy. To include assessment of financial benefits and district engagement.	Nov 2015			Strategy delayed by countywide proposal – audit to be rolled forward to 16/17 plan.
Adult Learning	Review of the financial arrangement in to confirm adequate financial control and sustainability	Oct 2015	Oct 2015	Jan 2016	Audit complete – Substantial assurance
Highways Grants Work	Audit of 3 Highways grants to provide verification on use of grants to the provider	Oct 2015	Oct 2015	N/A	Audit Complete
Director of Children Services – Debbie Barnes					
Families Working Together	To provide audit support as per the requirements of the grant on a quarterly basis	Jun 2015	Jun 2015	N/A	Quarter 1 and 2 return audits complete
Raising the Participation Age (project) / Tracking the Status of 16 – 18 year olds in education, employment or training (critical activity)	From September 2013, all 17 year olds had a duty to participate in education, employment or training. This extends to 18 year olds from September 2014. To review the arrangements in place that ensure young people are aware of their duty to participate and that there will be sufficient provision available. This could include how the LA are identifying young people that are not in education or training, including data sharing arrangements with Educational Institutions.	Jun 2015	Jul 2015	Sept 2015	Audit complete – Substantial assurance

People Management	Review the effectiveness, quality and compliance of the People Strategy launched in 2012 and the strands underpinning delivery of the Council's people management arrangements. Area of focus will be application of the sickness / absence policy.	Oct 2015 Jan 2016			Delayed by people management due to Agresso data issues – rescheduled Q4
CFBT School Improvement Plans	Follow up audit to confirm whether the CfBT SIS Assurance Review monitoring protocol is embedded within all education settings, particularly secondary and special schools.	Jul 2015	Jul 2015	Sep 2015	Audit complete – Substantial assurance
Schools	Periodic audits of maintained schools.	Jun 2015	Jul 2015	N/A	8 schools complete
Director of Adult Services – Glen Garrod					
Mental Capacity Act	Review, advice and guidance around the transformation programmes within Social Care, including the Case Management System and Lincolnshire Health and Adult Care - considering the design and application of the governance structure. To provide proactive advice and support on governance, managing key risks and effective internal control.	Oct 2015	Oct 2015		Draft report stage
Safeguarding Adults Follow up	Provide assurance on the alignment of the safeguarding referral process with 'The Care Act' and its consistent application across the Council and its providers.	Jan 2016			

Better Care Fund – Budget Management and Reporting	A review of LCC's management and reporting arrangements for the Better Care Fund budget	Feb 2016			
Director of Public Health – Tony Hill					
ICES	<p>The Integrated Community Equipment Service (ICES) provides short and long term loans of equipment, through a Joint Commissioning approach between LCC and the CCG's.</p> <p>A competitive tendering has been undertaken and the new five year ICES contract will be awarded in August 2015, commencing April 2016. Our work will provide assurance on the commissioning and management of this service.</p>	Jan 2015			
Big Society Member Grants	Review to provide assurance that big society member grants are appropriately utilised and accounted for to maximise the benefit to communities.	Sept 2015	Sept 2015	Nov 2015	Audit complete – Limited Assurance
Chief Information and Commissioning Officer – Judith Hetherington-Smith					
EU procurement changes	Review of the procurement regulations to ensure that the necessary changes have been implemented.	Jan 2016			Audit brief agreed
Impact Assessments	To provide assurance that the corporate policy on impact assessments is embedded and applied consistently.	Feb 2016			
FOI and Transparency Agenda	Review of Freedom of Information and Transparency reporting to provide assurance on compliance with legislation.	Oct 2015	Dec 2015		Audit in progress

Due Diligence - Those systems that support the running of the Council and ensure compliance with key policies					
Key Control Testing	Delivery of key control testing to enable the Head of Internal Audit to form an opinion on the Council's financial control environment.	Jan 2016			
Pensions	Assignment to provide assurance over the accuracy of pension deductions and pay overs.	Dec 2015	Dec 2015		Audit in progress
Budget Management – Agresso reporting	To provide assurance on the adequacy of budget management reporting process post Agresso implementation.	Feb 2016			
ICT audit					
ICT	<p>ICT plays a vital role in supporting the Council's business and customer interface. Possible areas identified on the assurance map include:</p> <ul style="list-style-type: none"> ■ ICT strategy ■ Disaster recovery & resilience ■ Key Application Audit – Agresso and Case Management System (MOSIAC) 				

Concerto	The audit will examine the strength of controls surrounding the Concerto application and will be carried out by means of discussions with system administrators and relevant users. The testing will make use of non-invasive audit tools in order to assess whether adequate controls are in place to protect the system and data from unauthorised access, modification and system unavailability.	Aug 2015	Aug 2015	Oct 2015	Draft report
Emerging Issues and Key Risks					
<p>To enable Internal Audit to respond to changes during the year we will meet regularly with Senior Management to agree which areas to focus our audit assurance work.</p> <p>The following areas have been identified through our risk assessment and on the assurance map as possible areas to focus audit activity:</p>					

Executive Director – Pete Moore

- Youth Offending
- Trading Standards
- VAT
- Budget Preparation and Financial strategy

Executive Director – Richard Wills

- Flood Management
- Lincolnshire Supported Bus Service
- Capital Projects
- Highways Maintenance – Revenue Contract

Director of Children Services – Debbie Barnes

- Exclusions
- Special Educational Needs and Disabilities Reform
- Closing the Gap
- Social care and SEND transport

Director of Adult Services – Glen Garrod

- Mental Health Services
- Carers

Director of Public Health – Tony Hill

- Customer Service Centre
- Health Improvement, prevention and self-management
- Integrated & Equipment Service

Chief Information and Commissioning Officer – Judith Hetherington-Smith

- Procurement Cards

Other relevant Areas					
Combined Assurance	Updating assurances on the Council's assurance map with senior managers and helping to co-ordinating the annual status report.	Oct 2015	Oct 2015	Jan 2016	Work complete
Follow up of Recommendations	Audit Reports issued during 2014/15 where an audit opinion of 'major improvement' or 'inadequate' will be followed to establish progress in implementing agreed management actions.	Oct 2015	Oct 2015	Nov 2015	Follow up work complete
Advice & Liaison					
Annual Report					
Annual Governance Statement					
Audit Committee					
Total Planned Days 848					

Appendix 4 –Changes to Internal Audit Plan 2015/16

Given the nature of any plan – changes occur or events happen in any case during the year that impact on delivery of the agreed plan eg:

- Timescales need changing to ensure that the audit delivers effective and relevant assurance
- Initiatives have been slower to implement than anticipated therefore changing the potential type of work / assurance required eg consultancy /sounding board for new systems and developments - rather than assurance on an implemented initiative
- Operational requests by management to reschedule the audit

In addition to the above the Internal Audit service has undergone a restructure as part of the wider 2015 service reviews. The new structure was implemented 1st October 2015 and we are currently working our way through the recruitment process. Inevitably there will be a period of transition as we move into the new structure and as new roles and responsibilities are understood and embedded – which will impact on the delivery of the internal audit plan for 2015/16.

We have worked through these revisions and assessed the impact on the assurances over critical functions. Proposed changes are outlined by directorate, we would like to discuss and agree these with you so that we are able to produce a revised plan. **Agreed with each Director**

Finance and Public Protection

Audit Area	Indicative Scope	Existing Assurances	Proposal	Rational
Agresso – Post Implementation	Consultation assignment to provide resources to support and advise on Agresso – post implementation	Report to audit committee September 2015 – Low Assurance.	Increase days by 100 to 150 ⁶	Agresso – post implementation has created an unforeseen audit resource demand both for support and advice and analytical work to assist in identifying errors in creditor and payroll payments. Planned resources increased significantly to meet this demand.

⁶ Approximately 100 days of this work has already been completed

Audit Area	Indicative Scope	Existing Assurances	Proposal	Rational
Financial Key Control Testing	Delivery of key control testing to enable the Head of Internal Audit to form an opinion on the Council's financial control environment.	Report to audit committee September 2015 – Low Assurance.	Increase days by 70 to 150	Increased focus on control and transaction testing to help provide a great degree of assurance over financial accuracy of the accounts.
Bank reconciliation	Key systems that support the running of the Council's business and ensure compliance with corporate policies and legal requirements. How often Internal Audit review these activities depends on previous assurance opinions, when we last examined the activity and if there has been any significant changes to the system or senior management. We also consider the requirements of External Audit.	Report to audit committee September 2015 – Low Assurance.	Roll forward to 2016/17 plan	Both SERCO and Agresso are not in position where full system audits could be completed in these areas. Resources will add more value on testing key controls and transactions. As such resources moved to Financial Key Control Testing.
General Ledger				
Payroll				
Income				
Creditors				
Debtors				
Treasury Management				

Environment and Economy

Audit Area	Indicative Scope	Existing Assurances	Proposal	Rational
Local Enterprise Partnership	Provide assurance over the selection process for funded projects to confirm robust and transparent and appropriate separation of duties for management of	This area is assessed as Green on the 14/15 assurance map.	Remove	Requested by Justin Brown at Liaison meeting October 2015 as the LEP as External auditors 'Streets' are

Audit Area	Indicative Scope	Existing Assurances	Proposal	Rational
	contracts maintained.			conducting a financial audit.

Children's Services

Audit Area	Indicative Scope	Existing Assurances	Proposal	Rational
Social Care and SEND transport	To assess the adequacy of processes, procedures and practice in finding the balance between suitable provision and VfM on these specialist transport contracts.	Incorporated into Home to School transport on the last assurance map the assurance level was Amber due to budget pressures.	Roll forward to 2016/17 plan	Roll forward requested by Stuart Carlton at Liaison – September 2015 as work is currently underway to improve this area and an audit would be deemed more valuable next year.
Schools	Periodic audits of maintained schools.	Assurance through rolling programme of audits as well as targeted visits based on LCC information. Assurances on schools also received through schools team, SFVS and schools forum.	Reduce annual days by 60 to 45	Issues with Agresso limited ability to visit schools during quarters 1 and 2. Annual days on school visits reduced according as deemed low risk.

Adult social Care

Audit Area	Indicative Scope	Existing Assurances	Proposal	Rational
Workforce Development	A review of training planning and delivery arrangements.	This area is assessed as Red on the 14/15 assurance map – deemed as low assurance and high risk.	Roll forward to 2016/17 plan	Delay until next year requested by Glen Garrod
Adult Safeguarding – Lincolnshire Quality Assurance Framework	Co-ordinate a self-assessment using the framework to provide positive assurance to the Lincolnshire Adult	This area is assessed as Green on the 14/15 assurance map.	Roll forward to 2016/17 plan	Initial work conducted identified links to Procurement Lincolnshire contract

Audit Area	Indicative Scope	Existing Assurances	Proposal	Rational
	Safeguarding Board	Assurances also gained through Procurement Lincolnshire contract monitoring processes.		monitoring procedures – these are being explored to ensure there is no duplication in monitoring. Timing is no longer appropriate.
Better Care Funding – Financial Management	Not agreed yet	Better care fund (overall) assessed as Amber when last discussed during assurance mapping. Audit of the Joint Commissioning Board during 2014/15 gave limited assurance over governance arrangements.	Addition	Requested by David Laws – ASC finance as LCC is the Host Partner.

Public Health

Audit Area	Indicative Scope	Existing Assurances	Proposal	Rational
Local Commissioning Framework	Provide assurance around the effectiveness of the new Local Commissioning Framework. The Framework will be tested using the Libraries procurement as a sample.	This was not identified as an emerging risk during the last assurance mapping session so was not rag rated	Roll forward to 2016/17 plan	Adoption of this framework has been delayed and therefore it is not yet in use. Review of the framework in quarter 4 is unlikely to provide adequate examples of its application to be able to assess its effectiveness.
Review of Coroners Officers	To provide assurance in the following areas: <ul style="list-style-type: none"> ■ the structure is fit for purpose 	This area is assessed as Red on the 14/15 assurance map.	Roll forward to 2016/17 plan	Coroners Officers have been the subject of a peer review which has resulted in a comprehensive action plan.

Audit Area	Indicative Scope	Existing Assurances	Proposal	Rational
	<ul style="list-style-type: none"> ■ demand and case management ■ IT use ■ agile working ■ leadership, governance and cultural ■ local working practice 			An audit at this time has a great potential of duplicating this work, as such adding little value at this time.

Chief Information and Commissioning Officer

Audit Area	Indicative Scope	Existing Assurances	Proposal	Rational
ICT Audits	<p>ICT plays a vital role in supporting the Council's business and customer interface. Possible areas identified on the assurance map include:</p> <ul style="list-style-type: none"> ■ Disaster recovery & resilience ■ Key Application Audit – Agresso and Case Management System (MOSIAC) 	<p>Report to audit committee September 2015 on Agresso – Low Assurance.</p> <p>Varied management assurances over other areas of ICT</p>	<p>Remove</p> <p>Roll forward to 2016/17 plan</p>	<p>Disaster recovery covered in Business Continuity Audit.</p> <p>Issues with Agresso have created delays for both systems meaning the timing of these system reviews must be delayed.</p>
Corporate Complaints	<p>Review of the complaints process to provide assurance that it is fit for purpose and meeting targets in resolving customer complaints at the</p>		<p>Roll forward to 2016/17 plan</p>	<p>Initial work identified complaints process is currently being amended so delay will ensure assurance is provided</p>

Audit Area	Indicative Scope	Existing Assurances	Proposal	Rational
	earliest contact.			over new process.
Partnership Management	High level review of the process in place for managing and monitoring partnerships.	Corporate approach to partnerships has been replaced by local approach	Remove	Include partnership management of key specific partnerships in 16/17 plan

Revised 2015/16 LCC Audit Plan

Area	Indicative Scope	Status
Critical Service Areas Those areas identified by senior management as having the most impact on successful delivery of Council priorities or whose failure could result in significant damage to reputation, financial loss, impact on people (risks)		
Executive Director – Pete Moore		
Emergency Planning and Business Continuity	Review the Council's arrangements and resilience to respond and recover to a major event / incident.	Audit Complete
Property VINCI-Mouchel Contract	Consultancy assignment to support the business in developing the governance, management and monitoring arrangements for the new VINCI-Mouchel property contract	In progress

Business Rate Pool	Review of methodology used to calculate the additional income generated from pooling to confirm this aligns to national guidance and the MOU and verify calculations are based on correct data.	Audit Complete
Executive Director – Richard Wills		
Joint waste management strategy	Review to provide assurance on arrangements and progress for the district waste strategy. To include assessment of financial benefits and district engagement.	Planned –Q4
Adult Learning	Review of the financial arrangement in to confirm adequate financial control and sustainability	Draft report
Highways Grants Work	Audit of 3 Highways grants to provide verification on use of grants to the provider.	Audits Complete
Director of Children Services – Debbie Barnes		
Families Working Together	To provide audit support as per the requirements of the grant	In progress
Raising the Participation age	<p>From September 2013, all 17 year olds had a duty to participate in education, employment or training. This extends to 18 year olds from September 2014.</p> <p>To review the arrangements in place that ensure young people are aware of their duty to participate and that there will be sufficient provision available. This could include how the LA are identifying young people that are not in education or training, including data sharing arrangements with Educational Institutions.</p>	Audit Complete

CfBT – School Improvement Service	Follow up audit to confirm whether the CfBT SIS Assurance Review monitoring protocol is embedded within all education settings, particularly secondary and special schools.	Audit Complete
People Management	Review the effectiveness and application of the sickness / absence policy	Delayed due to data issues, rearranged Q3
Schools	Periodic audits of maintained schools.	7 Complete
Director of Adult Services – Glen Garrod		
Mental Capacity Act	Assurances around ensuring Mental Capacity Act is adhered to and Authority not at risk of future claims.	In progress
Better Care Fund – Budget Management and Reporting	See above	Scheduling to be agreed
Safeguarding Adults follow up	Provide assurance on alignment of the safeguarding referral process with The Care Act and its consistent application across the council and its providers.	Scheduled – Q4
Director of Public Health – Tony Hill		
ICES	<p>The Integrated Community Equipment Service (ICES) provides short and long term loans of equipment, through a Joint Commissioning approach between LCC and the CCG's.</p> <p>A competitive tendering has been undertaken and the new five year ICES contract will be awarded in August 2015, commencing April 2016. Our work will provide assurance on the commissioning and management of this service.</p>	Scheduled – Q4

Big Society Member Grants	Review to provide assurance that big society member grants are appropriately utilised and accounted for to maximise the benefit to communities.	Draft Report
Chief Information and Commissioning Officer – Judith Hetherington-Smith		
EU procurement changes	Review of the procurement regulations to ensure that the necessary changes have been implemented.	Audit planning
Impact Assessments	To provide assurance that the corporate policy on impact assessments is embedded and applied consistently.	Planned Q4
Freedom of Information and Transparency	Review of Freedom of Information and Transparency reporting to provide assurance on compliance with legislation.	Scheduled Q3
ICT Infrastructure and service delivery	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.	Audit Complete
Due Diligence - Those systems that support the running of the Council and ensure compliance with key policies		
Agresso	Consultancy assignment to support the business in ensuring efficacy of the new finance system.	¾ of time used supporting and advising
Payroll	Consultancy assignment to support the business in ensuring efficacy of the new payroll system.	Draft Report
Pensions	Assignment to provide assurance over the accuracy of pension deductions and payovers.	Initial work in progress

Key Control Testing	Delivery of key control testing to enable the Head of Internal Audit to form an opinion on the Council’s financial control environment.	Scheduled – Q4
Budget Management – Agresso reporting		Scheduled – Q4
ICT audit		
ICT plays a vital role in supporting the Council's business and customer interface. Possible areas identified on the assurance map include: <ul style="list-style-type: none"> ■ ICT strategy 		Plan in progress
Concerto Audit - The audit will examine the strength of controls surrounding the Concerto application and will be carried out by means of discussions with system administrators and relevant users. The testing will make use of non-invasive audit tools in order to assess whether adequate controls are in place to protect the system and data from unauthorised access, modification and system unavailability.		Draft Report
Emerging Issues and Key Risks		
To enable Internal Audit to respond to changes during the year we will meet regularly with Senior Management to agree which areas to focus our audit assurance work. The following areas have been identified through our risk assessment and on the assurance map as possible areas to focus audit activity: <p>Executive Director – Pete Moore</p> <ul style="list-style-type: none"> ■ Youth Offending ■ Trading Standards <p>Executive Director – Richard Wills</p> <ul style="list-style-type: none"> ■ Flood Management ■ Lincolnshire Supported Bus Service 		

- Capital Projects
- Highways Maintenance – Revenue Contract

Director of Children Services – Debbie Barnes

- Exclusions
- Closing the Gap

Director of Adult Services – Glen Garrod

- Carers

Director of Public Health – Tony Hill

- Customer Service Centre
- Health Improvement, prevention and self-management

Chief Information and Commissioning Officer – Judith Hetherington-Smith

- Procurement Cards
- Procurement Lincolnshire - Governance

Other relevant Areas		
Combined Assurance	Updating assurances on the Council’s assurance map with senior managers and helping to co-ordinating the annual status report.	In progress
Follow up of Recommendations	Audit Reports issued during 2014/15 where an audit opinion of 'major improvement' or 'inadequate' will be followed to establish progress in implementing agreed management actions.	In progress

Advice & Liaison		
Annual Report		
Annual Governance Statement		
Audit Committee		
Total Planned Days 848		

This page is intentionally left blank

CIPFA Better Governance Forum

Audit Committee Update

Helping Audit Committees to Be Effective

Issue 18

Self-assessment and Improving Effectiveness

Appointment and Procurement of External Auditors

Regular Briefing on Current Issues

November 2015

Introduction

Dear audit committee member,

This is the 18th issue of Audit Committee Update and our main focus this time is on self-assessment and effectiveness.

For audit committees in the public services making the most of the available resources, supporting good governance and ensuring accountability are core areas of concern on the audit committee agenda. It makes sense therefore that the same standards are applied to the operation of the committee itself. This issue aims to support that process with some practical suggestions about undertaking a self-assessment and reviewing your own effectiveness.

The remainder of this issue focuses on keeping you up to date with new developments. As well as our regular briefing covering recent reports and guidance we also feature a more detailed briefing on the recent decisions about the timetable for the appointment of external auditors.

Overall I hope you will find this issue interesting, informative and helpful in your work on the committee.

Best wishes

Diana Melville

CIPFA Better Governance Forum

Sharing this Document

Audit Committee Update is provided to subscribers of the Better Governance Forum for use within their organisations. Please feel free to circulate it widely to your organisation's audit committee members and colleagues. It can also be placed on an intranet. It should not be shared with audit committee members of organisations that do not subscribe to the Better Governance Forum or disseminated more widely without CIPFA's permission.

Audit Committee Update is covered by CIPFA's copyright and so should not be published on the internet without CIPFA's permission. This includes the public agendas of audit committees.

Receive our Briefings Directly

This briefing will be sent to the main contact of organisations that subscribe to the CIPFA Better Governance Forum with a request that it be sent to all audit committee members.

If you have an organisational email address (for example jsmith@mycouncil.gov.uk) then you will also be able to register on our website and download any of our guides and briefings directly. To register now, please visit www.cipfa.org/Register.

Previous Issues of Audit Committee Update

You can download all the previous issues from the CIPFA Better Governance Forum website. Click on the links below to find what you need.

Issue	Principal Content	Link
Issues from 2010		
1	Reviewing the Audit Plan – Please note that Issue 13 provides an updated review of this topic.	Issue 1
2	Reviewing the Annual Governance Statement – Issue 10 includes an update on this topic.	Issue 2
3	Countering Fraud – Please note that Issue 15 provides an updated review of this topic.	Issue 3
Issues from 2011		
4	Strategic Risk Management, Governance Risks in 2011, Role of the Head of Internal Audit	Issue 4
5	Understanding the Impact of IFRS on the Accounts, Key Findings from CIPFA’s Survey of Audit Committees in Local Government	Issue 5
6	Partnerships from the Audit Committee Perspective	Issue 6
Issues from 2012		
7	Assurance Planning, Risk Outlook for 2012, Government Response to the Future of Local Audit Consultation	Issue 7
8	Commissioning, Procurement and Contracting Risks	Issue 8
9	Reviewing Assurance over Value for Money	Issue 9
Issues from 2013		
10	Public Sector Internal Audit Standards and Updates to Guidance on Annual Governance Statements	Issue 10
11	Local Audit and Accountability Bill, the Implications for Audit Committees, Update of CIPFA’s Guidance on Audit Committees	Issue 11
12	Reviewing Internal Audit Quality, New CIPFA Publication, Audit Committees Practical Guidance for Local Authorities and Police, Regular Briefing on Current Issues	Issue 12

Issues from 2014		
13	Reviewing the Audit Plan, Update on the Local Audit and Accountability Act, Briefing on Topical Governance Issues	Issue 13
14	External Audit Quality and Independence, Government Consultation on Local Audit Regulations, CIPFA's Consultation on a New Counter Fraud Code, Regular Briefing on Current Issues	Issue 14
15	CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, the Audit Committee Role in Countering Fraud, Regular Briefing on Current Developments	Issue 15
Issues from 2015		
16	What Makes a Good Audit Committee Chair? Governance Developments in 2015	Issue 16
17	The Audit Committee Role in Reviewing the Financial Statements, Regular Briefing on Current Developments	Issue 17

Workshops and Training for Audit Committee Members in 2015/16 from CIPFA

Introduction to the audit committee

This event is particularly suitable for those relatively new to the audit committee and it is applicable for audit committees in all parts of the public and not for profit sector. It includes an overview of the roles, responsibilities and core functions of the committee, together with sessions on working with the internal and external auditors.

[23 November 2015, London](#)

16 March 2016, Birmingham

13 September 2016, Leeds

20 September 2016, London

Development day for local government audit committees

The workshop is suitable for audit committee members or those working with the audit committee in local government. It will cover an update on new developments and legislation relevant to the audit committee role. In addition it will feature the revised governance framework, internal audit developments and counter fraud.

[3 December 2015, York](#)

[9 December 2015, Birmingham](#)

[20 January 2016, London](#)

[27 January 2016, Manchester](#)

Developments in police audit committees

These events are suitable for members of the joint audit committees supporting police and crime commissioners and chief constables. These events are run in conjunction with CIPFA's Police Network.

21 September 2016, London

28 September 2016, York

Developing the knowledge and skills of the audit committee

14 September 2016, Leeds

21 September 2016, London

CIPFA events information and dates are available on the website: www.cipfa.org/Events.

In house training and facilitation

In house audit committee training and guidance tailored to your needs is available. Options include:

- key roles and responsibilities of the committee
- effective chairing and support for the committee
- working with internal and external auditors
- public sector internal audit standards
- corporate governance
- strategic risk management
- value for money
- fraud risks and counter fraud arrangements
- reviewing the financial statements
- assurance arrangements
- improving impact and effectiveness.

For further details contact chris.o'neill@cipfa.org or email diana.melville@cipfa.org or visit the [CIPFA website](http://www.cipfa.org) where we have a brochure to download outlining the support we have available for audit committees.

Self-assessment and Improving Effectiveness

Do you know if you are doing a good job as an audit committee? And does it matter? Hopefully these are questions that audit committee members can answer positively. It isn't always obvious how an audit committee should be judged. It is easy to tick off 'compliance' points such as having an approved terms of reference and it is easy to count the number of meetings. But the real value of an audit committee comes from the quality of discussion, the questions asked, the recommendations for improvement made and the support provided to audit, financial management, risk management and governance. Evaluating these areas is harder to do, but worthwhile.

Reflecting back on how you've done things and what could be improved is a valuable learning activity for everyone, but I think it is of particular merit for the audit committee as part of its role in supporting good governance. It also helps the committee to demonstrate its openness and improve its accountability by feeding back the results of a review to stakeholders.

A suggested approach for self-assessment

There are four broad areas that should be considered:

- whether the committee is meeting recommended practice for committees in its sector
- whether the committee is addressing its areas of responsibility adequately
- whether the members have acquired the necessary knowledge and skills to be effective
- whether the committee is adding value to the organisation.

The approach you take to addressing these questions can obviously vary, from a detailed checklist to a more qualitative approach. If a checklist is used care should be taken to ensure that it gives adequate coverage of all the areas above and doesn't only look at aspects that can be easily checked off.

Meeting recommended practice

Links to commonly used self-assessment templates are provided at the end of this article but an internet search will provide other examples. If you use a checklist with detailed questions about the make-up of the committee, the number of meetings held etc, it is important to ensure that the questions are appropriate for the recommended practice in your sector. For example, Welsh local authorities must comply with the Local Government (Wales) Measure 2011 and ensure that their audit committees include at least one lay member. For English, Scottish and Northern Irish committees there is no such requirement, although some do opt to do this. The audit committee of a clinical commissioning group must include two lay members and a police audit committee must be made up of all independent members. So it is important to ensure questions are relevant.

Addressing your areas of responsibility

If there are recommended terms of reference for audit committees in your sector then that provides the basis for a review of performance. Are your committee's terms of reference up to date and in accordance with that recommended? If they are not, think about the reasons for that and consider the following questions:

- Are there gaps in coverage?
- Does another committee perform roles which might better lie with the audit committee?

- Is the committee taking on additional responsibilities beyond those recommended? If so does this result in a conflict of interest or crowd out audit committee core business?

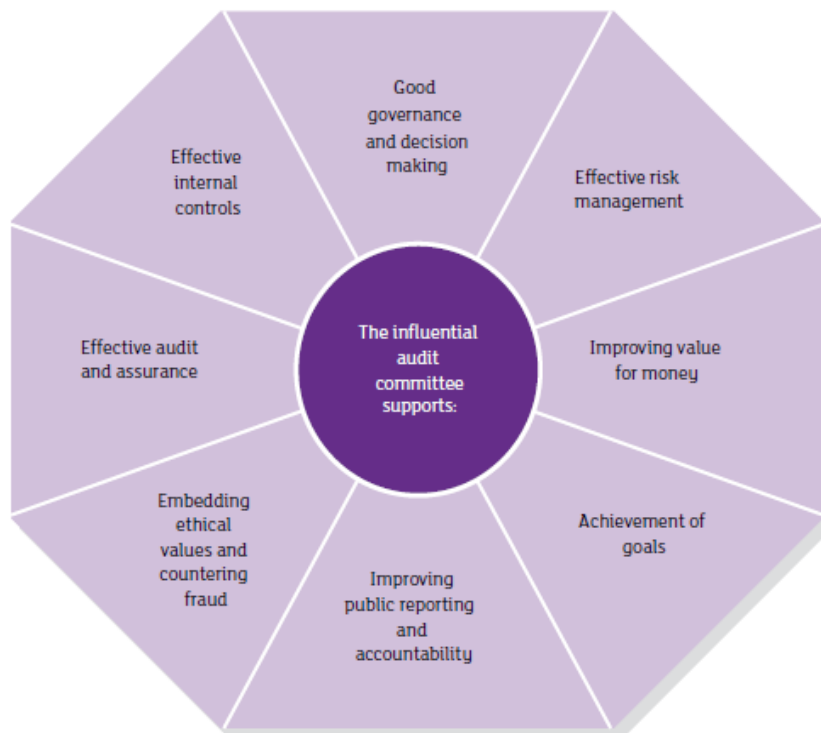
Look at how the business of the committee aligns to the terms of reference too. Is the balance right or do some areas of responsibility consistently fall down to the bottom of the agenda?

Acquiring the right knowledge and skills

The make-up of the committee and having committee members with relevant knowledge and skills is an important contribution to the effectiveness of that committee. The audit committee doesn't need to be made up solely of qualified accountants, auditors and risk managers but usually they are welcomed onto a committee! Ensuring a proportionate level of knowledge and skills is a reasonable aim for all committees. As part of its guidance to local authority and police audit committees CIPFA put together a knowledge and skills framework of the core areas that audit committee members should acquire. Putting those knowledge and skills into practice is also important. CIPFA is also planning further work to support members in this area.

Adding value

The final area to consider is the impact that the committee is having in practice and the added value it brings. The simplest way to do this is to reflect back on previous meetings and recommendations and identify the actions and changes that resulted from the work of the committee. Hopefully you will be able to identify a range of things where the committee has helped to improve internal control, risk management or governance. Sometimes the beneficial impact of the committee can be felt one step removed. For example where the audit committee shows strong support for its internal auditors that can help the internal auditors to be more effective and have greater impact. The diagram below is from the CIPFA publication and shows how audit committees can support improvement across a range of organisational objectives.



Source: *Audit Committees, Practical Guidance for Local Authorities and Police (CIPFA, 2013)*

Undertaking the assessment

So who is best placed to carry out an assessment of the audit committee? An assessment led by audit committee members is best to ensure ownership of the outcome and recommendations, but I would also recommend that an assessment incorporates input from those who interact with the committee on a regular basis such as the head of internal audit, head of finance and external auditor. This should help make the assessment as rounded as possible. However where the committee is struggling an external facilitator may be able to cut through to the core issues and make recommendations for improvement.

Acting on the results of the assessment

Once the assessment is completed, agree an action plan for an appropriate period of time and build reviews of the plan into the audit committee agendas. Where significant changes are needed then wider consultation and agreement may be required to gain support or funding for proposed changes.

If your committee publishes an annual report then I would encourage you to include within it a summary of your assessment process and improvement plans for the year. This will help stakeholders to recognise that the committee is aiming to do its best to fulfil its responsibilities.

References and resources

[Audit Committees, Practical Guidance for Local Authorities and Police \(CIPFA, 2013\)](#)

The publication includes a short (20 questions) good practice self-assessment based on the guidance. It also includes a suggested approach for assessing effectiveness and the knowledge and skills framework.

[Audit Committee Self-assessment Checklist \(National Audit Office, 2012\)](#)

The NAO checklist is based on the Treasury's Audit Committee Handbook (2007) and is aimed at central government audit committees. It includes 89 questions, some of which are highlighted as of particular importance.

[Scottish Government Audit Committee Handbook \(2008\)](#)

The guidance is for members of audit committees in organisations to which the Scottish Public Finance Manual is directly applicable. It includes a self-assessment checklist.

[NHS Audit Committee Handbook \(2014\)](#)

The handbook for NHS audit committees also includes checklists on process issues and effectiveness.

Diana Melville

Governance Advisor

CIPFA Better Governance Forum

Appointment and Procurement of External Auditors

For local authorities, police, fire authorities, clinical commissioning groups and health trusts that currently have external auditors appointed for them by the Audit Commission, the provisions of the [Local Audit and Accountability Act 2014](#) will soon be coming into force. The Audit Commission closed on 31 March 2015 but the current external audit contracts continue to be managed by Public Sector Audit Appointments Ltd. This is a company established by the Local Government Association and staff previously employed by the Audit Commission transferred here to continue their roles. The objective of the Act is to put in place new arrangements for the appointment of auditors, with local bodies having the opportunity to appoint their own.

Decisions taken

The Department of Health has announced that health bodies will adopt the provisions of the Act with effect from the 2017/18 financial year. This means that auditors will need to be appointed by the end of December 2016 as the Act requires appointments to be in place three months before the start of the financial year.

The Department for Communities and Local Government (DCLG) has decided that existing audit contracts for principal authorities (for instance local authorities) can be extended by one year so that new auditors will need to be appointed for 2018/19. This means that the auditor must be appointed by the end of December 2017.

Options for appointment

There are two main options that local bodies have: to undertake a procurement exercise using an 'auditor panel' (either independently or in conjunction with other bodies), or to opt into a sector-led procurement. Regulations have been issued under the Act to give further guidance on the implementation of these. [Issue 16](#) of Audit Committee Update included a list and links to the regulations.

Guidance available

The Department of Health commissioned the Healthcare Financial Management Association (HFMA) to write guidance on auditor panels specifically for health bodies. This guidance can be accessed on the [Department of Health website](#) and is of value for audit committees of health bodies.

The DCLG commissioned CIPFA to write guidance on the appointment of auditor panels. This is currently being finalised with the DCLG and will be available soon. The guidance will be freely available. Training will also be available in 2016 on establishing auditor panels.

Steps to take now

Although decisions do not have to be taken straight away it is important to start the evaluation of options soon. Plenty of time is required to plan a procurement and it is also necessary to think through the governance implications of auditor panels, their make-up and relationship to your existing audit committee.

Also watch out for any announcements about whether a sector led body will be appointed by the secretary of state. This will be crucial for evaluation of this option.

We will include updates on developments in later issues of this briefing and Better Governance Forum events.

Recent Developments You May Need to Know About

Legislation and regulations

Governance Framework for Local Government

Over the summer CIPFA and Solace consulted on a new governance framework for local government, including police, fire and combined authorities. The consultation document can be viewed on the [CIPFA website](#). The consultation responses were very positive about the change and some helpful suggestions were received for improving the supporting principles and guidance to accompany the framework. The consultation responses were considered by the working group in October 2015 and the final framework will be published early in 2016.

To achieve good governance, each local authority should be able to demonstrate that its governance is consistent with the principles contained in the framework. The seven core principles are:

- A. behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. ensuring openness and comprehensive stakeholder engagement
- C. defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. determining the interventions necessary to optimise the achievement of the intended outcomes
- E. developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. managing risks and performance through robust internal control and strong public financial management
- G. implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Cities and Local Government Devolution Bill

The [Cities and Local Government Devolution Bill](#) is currently at the committee stage in the House of Commons. The current version of the bill includes provisions for the devolvement of additional functions to combined authorities and provision for elected mayors. The bill also includes provisions for all combined authorities to appoint their own overview and scrutiny committee and audit committee. The bill sets out functions that the audit committee should cover, including reviewing the risk management, internal control and governance arrangements of the authority. The audit committee should include at least one independent person.

Consultation on police, fire and ambulance collaboration

The DCLG, Home Office and Department of Health have issued a consultation [Enabling Closer Working between the Emergency Services](#). The proposals aim to increase joint working between the services and make savings.

Reports, recommendations and guidance

The NAO's Role in Local Audit

The Local Audit and Accountability Act 2014 introduced a new local audit framework in England. Within the new audit framework the NAO prepares and issues the Code of Audit Practice, which sets out what local auditors are required to do. In [The NAO's Role in Local Audit](#) the NAO sets out what it does, including examples of recent value-for-money work focused on local services and contact details.

Managing the Risk of Procurement Fraud

This [guidance](#) has been developed by the LGA and CIPFA Counter Fraud Centre to help authorities understand the main areas of risk and appropriate mitigations. It includes useful references, 'red flags' and a checklist.

Assessing your counter fraud arrangements

When preparing their annual governance statements local authorities should review the adequacy of their counter fraud arrangements and CIPFA's guidance to local authority and police audit committees is that they should review the assurances underpinning this assessment. Following the publication of the [CIPFA Code of Practice on Managing the Risk of Fraud and Corruption](#) in 2104 there is now an assessment tool available that will enable your organisation to assess itself against the counter fraud code. The tool includes reports and charts which would be of interest to an audit committee. A benchmarking option is also available to allow you to compare your arrangements against your peers. The assessment tool has been provided free to all subscribers of the Better Governance Forum.

A Short Guide to the NAO's Work on Local Authorities

The National Audit Office has published [A Short Guide to the NAO's Work on Local Authorities](#). It is designed to provide a quick and accessible overview of how local government is funded, the pressures local authorities face, staffing, and major recent and future developments.

Managing Provider Failure

In [Principles Paper: Managing Provider Failure](#) the NAO explores the principles public bodies should use to manage provider failure. The report draws on the findings from previous NAO reports that have examined examples of failures. Given the extent of outsourcing and selection of alternative service delivery models the risks around provider failure are important for all parts of the public services.

Monitoring the quality of external audit

Following the closure of the Audit Commission, the body established by the LGA, Public Sector Auditor Appointments Ltd, took on the responsibility for monitoring the current contracts for local audit. The results of their compliance and quality monitoring are published in an [Annual Regulatory Compliance and Quality Report](#). Quarterly reports are also available on each of the firms holding contracts for local audit.

[Issue 14](#) of Audit Committee Update describes the audit committee role in relation to monitoring the external audit they receive.

Local Government Auditor's Report 2015

This report from the [Northern Ireland Audit Office](#) comments on a range of topics arising from audit work in local government bodies during the 2013/14 financial year. The report includes comments on strengthening the role of the audit committee, including recommendations that they should be constituted as a full committee and include independent members to strengthen independence and widen the range of specialist skills.

CIPFA Fraud and Corruption Tracker

Earlier in 2015 CIPFA undertook a survey of levels of fraud and corruption detected across the public sector in the 2014/15 financial year. The results of this survey will be published in the next few weeks and will provide a valuable insight into current levels of detected fraud and corruption.

Published by:

CIPFA \ THE CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY

77 Mansell Street, London E1 8AN

020 7543 5600 \ www.cipfa.org

© 2015 CIPFA

No responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication can be accepted by the authors or publisher.

While every care has been taken in the preparation of this publication, it may contain errors for which the publisher and authors cannot be held responsible.

Apart from any fair dealing for the purposes of research or private study, or criticism or review, as permitted under the Copyright, Designs and Patents Act 1988, this publication may be reproduced, stored or transmitted, in any form or by any means, only with the prior permission in writing of the publishers, or in the case of reprographic reproduction in accordance with the terms of licences issued by the Copyright Licensing Agency Ltd. Enquiries concerning reproduction outside those terms should be sent to the publishers at the above mentioned address.

Regulatory and Other Committee

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

Report to:	Audit Committee
Date:	25 January 2016
Subject:	External Audit Progress Report

Summary:

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

Recommendation(s):

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

Background

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

- Audit Plan 2015/16
- Audit Fee update
- Other work
- Technical update

Conclusion

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

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	External Audit Progress Report

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Mike Norman, who can be contacted on 0115 935 3554 or michael.norman@kpmg.co.uk.



cutting through complexity

External audit progress report

Page 201

Lincolnshire County Council

January 2016

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

Page 202

PROGRESS REPORT	
Progress Report	3
APPENDICES	
Appendix 1 – Technical Update	6
Appendix 2 - Audit Deliverables 2015/16	9



cutting through complexity™

Progress report

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

At the end of each stage of the audit we issue certain

deliverables, including reports and opinions. A

summary of progress

against these deliverables is

provided in Appendix 2 of this report.

Audit Plan 2014/15

We are updating our risk assessments and completing our detailed planning to determine our audit plans for the Authority and the Pension Fund.

Financial statements audit – Lincolnshire County Council

In line with auditing standards, we will present our detailed annual plan to the Audit Committee in March 2016. This will highlight the key risks to our audit at the planning stage. Our plan will include our response to any issues identified through our risk assessment regarding:

- the accounting requirements for 2015/16, including relevant changes to the CIPFA guidance; and
- the closure of accounts process generally and our working paper requirements.

We have held initial discussions with managers to better understand the continuing significant issues with the operation of the Agresso system and to shape our audit approach. The known difficulties with Agresso means that our approach this year will be largely substantive rather than controls based testing. In February 2016 we expect to carry out our interim visit to review processes further, to assess the arrangements for preparing the financial statements, and to set up our planned data and analytics testing.

Value for Money Conclusion

We will also carry out our VFM conclusion risk assessment and assess your arrangements against the new criterion specified by the National Audit Office (issued in November 2015) for 2015/16 onwards. The assessment will now require us to conclude whether *in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people*. The NAO's guidance sets out sub-criteria that we need to consider in forming our conclusion. The sub-criteria cover the Council's arrangements for:

- *Informed decision making*
- *Sustainable resources deployment; and*
- *Working with partners and other third parties.*

We have included a link to the new guidance in our technical update included with this report (Appendix 2). We will discuss this new criterion, and the additional information required, with managers as part of the detailed audit planning work. We will discuss any specific significant risks to the VFM conclusion with Managers and highlight our planned response and any additional work required. The areas of focus will continue to include your arrangements for:



- managing the risks around your corporate support services and the operation of the Agresso financial system; and
- Managing your finances and shaping your medium term financial strategy

<p>Audit Plan 2014/15 (continued)</p>	<p>Governance, risk management and Internal Control</p> <p>We will continue to liaise with Internal Audit, and consider your assurance frameworks and your response to issues you identify throughout the year. We review your 2015/16 Annual Governance Statement for consistency with our understanding of your arrangements and issues identified.</p> <p>Financial statements audit - Lincolnshire Pension Fund</p> <p>In line with auditing standards, we will present our detailed annual plan to the Audit Committee in March 2016. This will highlight the key risks to our audit at the planning stage, including any changes to the accounting requirements for 2015/16, any concerns regarding the closure of accounts process generally and our working paper requirements. At this stage there are no specific significant audit issues that we need to bring to the Audit Committee's attention in this report.</p>		
<p>Audit fee update</p>	<p>At this stage the indicative audit fee remains the same as that notified to the Council in April 2015, that is £107,325 (£143,100 in 2014/15) for the Council's audit and £24,350 (£24,350 in 2014/15) for the Pension Fund. We will update the Audit Committee in March 2016 on any likely changes to the fee, and confirm the final fee later in the year in our Annual Audit Letter.</p>		
<p>Other work</p>	<p>In November 2015 we issued our Independent Accountant's 'Reasonableness Assurance Report' in relation to the Teachers' Pensions 2014/15 return. The fee for this work was £4,000.</p> <p>We are currently scoping a separate short engagement to carry out the work required to provide the Council with an external auditor's assurance report on your arrangements for managing and controlling education training provider subcontractors in 2015/16. This report is required, by the end of January 2016, under the funding agreement with the Skills Funding Agency. We will update the Committee on this work at its next meeting.</p>		
<p>Actions</p>	<p>We ask the Audit Committee to:</p> <ul style="list-style-type: none"> ▪ NOTE this progress report and technical update. 		
<p>Contacts</p>	<p>The key contacts in relation to our audit of the Council and the Pension Fund are:</p>		
	<p>John Cornett Director 07468 749927 John.cornett@kpmg.co.uk</p>	<p>Mike Norman Manager 07500 125105 Mike.norman@kpmg.co.uk</p>	<p>John Pressley Assistant Manager 07919 697377 John.pressley@kpmg.co.uk</p>



cutting through complexity™

Appendix 1

Area	Level of Impact	Comments	KPMG perspective
CIPFA Survey of Chief Financial Officers	 For information	<p>Confidence in councils' ability to keep delivering services amid ongoing government budget cuts has continued to fall sharply among chief financial officers (CFOs), according to a survey by the CIPFA published in November 2015. The survey found that:</p> <ul style="list-style-type: none"> • 49% were less confident in their ability to deliver services for 2016/17 than a year ago. The proportion of respondents who were less confident has increased from 41% of CFOs last year for 2015/16 and 27% for 2014/15. • 56% were less confident over their organisation's overall financial position for the next financial year (2016/17) – up from 44% for 2015/16 and 20% for 2014/15. • the services under the biggest pressure were considered to be adult social care (95% of respondents), children's social care (94%), environment and regulatory services (44%) and housing (37%). 	<p><i>The Committee should note the survey findings.</i></p>
Provisional Local Government Finance Settlement 2016/17	 High	<p>The provisional local government finance settlement for 2016/17 was issued on 17 December 2015, and sets out the distribution of centrally allocated resources for local authorities in England. Responses to the consultation are due by 15 January 2016, and the final settlement will be issued in February 2016.</p> <p>The key points are:</p> <ul style="list-style-type: none"> • Local authorities will see an average cut in funding of 2.8% in 2016/17, and a real terms cut of 6.7% over the spending review period. • The government will also offer any council that wishes to take this up a four-year funding settlement to 2019/20. This can provide funding certainty to enable longer term planning. • The referendum threshold for council tax increases is being set at 2%. As announced in the November 2015 spending review, the government is also giving authorities with social care responsibilities the flexibility to raise council tax in their area by up to 2% above the referendum threshold for each year between 2016/17 and 2019/20, to fund adult social care services. • A technical consultation on reforms to the New Homes Bonus is being published alongside the provisional local government finance settlement. • As announced in the spending review, by the end of the current Parliament local government will retain 100% of business rate revenues to fund local services. The system of tariffs and top-ups will be retained, and the main local government grant will be phased out and additional responsibilities devolved to local authorities. These changes will require legislation. The government will set up systems to involve councils, businesses and others in the process, and will consult on the implementation of the 100% business rates retention proposals in summer 2016. 	<p><i>The Committee may wish to enquire of officers how the Council is to respond to the provisional settlement.</i></p>

Area	Level of impact	Comments	KPMG perspective
<p>National Audit Office Value for Money Conclusion guidance</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 208</p>	<p style="text-align: center;">● Medium</p>	<p>The Local Audit and Accountability Act 2014 provides the Comptroller and Auditor General with the power to issue guidance to auditors which may explain or supplement the provisions of the Code of Audit Practice. The Act requires auditors to have regard to such guidance. In November 2015 the NAO published Auditor Guidance Note 03 covering auditors work on audited bodies arrangements for Value for Money.</p> <p>The guidance sets out:</p> <ul style="list-style-type: none"> • The general framework for the auditor's assessment, within the Act and the Code of Audit Practice • The expected areas of focus in determining whether the audited bodies' arrangements are adequate • The expected risk based audit approach and the reporting arrangements • Sector specific guidance for NHS and Foundation Trusts, CCGs, local government, police, fire and rescue and other bodies. The guidance also provides illustrative examples of the types of developments that auditors would be likely to consider to be 'significant risks' and sets out the actions they would be expected to take. <p>We will discuss the guidance with managers and report our findings to the Audit and Risk Committee.</p> <p>https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/</p>	<p><i>We will discuss the guidance with managers and report our findings to the Audit and Risk Committee.</i></p>



cutting through complexity™

Appendix 2

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



cutting through complexity™

This page is intentionally left blank



Regulatory and Other Committee

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

Report to:	Audit Committee
Date:	25 January 2016
Subject:	Work Plan

Summary:

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

Recommendation(s):

1. Review and amend the Audit Committee's work plan ensuring it contains the assurance areas necessary to approve the Annual Governance Statement 2016.
2. Consider the actions identified in the Action Plan.

Background

- 1 The work plan has been pulled together based on the core assurance activities of the Committee as set out in its terms of reference and best practice (see Appendix A – work plan to March 2016).
- 2 The following items from the January programme have now been deferred to the Committee meeting to be held on 21st March 2016.
 - Update on Regulation of Investigatory Powers Act compliance. This is currently under review.
 - Review of Accounting Policies
 - Annual report on the Council's complaints and compliments process. The process is under review and a year's end position will be available in March 2016.
 - Update on actions associated with the Annual Governance Statement 2015. This is currently under review.

Conclusion

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

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

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

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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

Audit Committee Work Plan – 2015/16		
25th January 2016	Assurances Required / Being Sought	Relevancy – Terms of Reference
Core Business		
<ul style="list-style-type: none"> Update on the Agresso project - verbal 	<p>Assess the adequacy of the Council's financial control environment.</p> <p>Ensure any issues / risks identified are being effectively managed.</p> <p>Confirm that the recovery plan has been successfully delivered.</p> <p>Confirm that any impact on the 2015/16 financial statements has been identified and is being effectively managed.</p>	
<ul style="list-style-type: none"> Internal Audit Progress Report 	<p>Understand the level of assurances being given as a result of audit work and their impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified</p> <p>encouraging ownership of the internal control framework by appropriate managers</p> <p>Encouraging ownership of the internal control framework by appropriate managers</p> <p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets</p>	<p>To consider reports dealing with the management and performance of internal audit</p> <p>To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale</p>

Audit Committee Work Plan – 2015/16		
<ul style="list-style-type: none"> Update on Libraries Action plan - verbal 	Ensure management action is taken to improve controls / manage risks identified	
<ul style="list-style-type: none"> Update on Coroners Action plan 	Ensure management action is taken to improve controls / manage risks identified	
<ul style="list-style-type: none"> External Audit Progress Report and Plan 	<p>Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.</p> <p>Note: Further assurance needed around impact / risks associated with early close down.</p>	To comment on the scope and depth of external audit work and to ensure it gives value for money
<ul style="list-style-type: none"> Whistleblowing Annual Report 	Provide the Committee with an overview of the Council's whistleblowing arrangements throughout the year 2014/15.	To meet the Committee's Regulatory Frameworks requirement to monitor the Council's confidential reporting policy.
Other Assurance		
<ul style="list-style-type: none"> Combined Assurance Status Reports 	Understand the level of assurances being provided on the Council's critical systems, key risks and projects and how they link to the Committees role and remit and the Annual Governance Statement.	To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice
21st March 2016	Assurances Required / Being Sought	Relevancy – Terms of Reference
Core Business		
<ul style="list-style-type: none"> Draft Internal Audit Plan 2016/17 	<p>That the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Head of Audit opinion.</p> <p>Confirm that the plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year.</p> <p>Ensure that the Internal Audit Resource has</p>	To consider reports dealing with the management and performance of internal audit

Audit Committee Work Plan – 2015/16		
	<p>sufficiently capacity and capability to deliver the plan.</p> <p>Seek an understanding of what assurances Internal Audit will be providing the Committee to help it discharge its terms of reference.</p>	
<ul style="list-style-type: none"> Draft Counter Fraud Plan 2016/17 	<p>Gain assurance that the Council has effective arrangements in place to fight fraud locally.</p> <p>Ensure that counter fraud resources are targeted to the Council's key fraud risks.</p>	<p>To monitor Council policies on confidential reporting code, anti-fraud and anti-corruption policy and the Council's complaints process.</p>
<ul style="list-style-type: none"> International Audit Standards on the risks associated with the impact of potential fraud and error on the Financial Statements 	<p>Seek assurance that the statements made against the standard accurately reflect the Council's counter fraud arrangements.</p>	<p>To monitor Council policies on confidential reporting code, anti-fraud and anti-corruption policy and the Council's complaints process.</p>
<ul style="list-style-type: none"> Risk Management Progress Report 	<p>Gain assurance that the Council is effectively managing its key risks – has good risk management systems / processes in place that enable decision makers to understand the level of risk being taken and the Council is prepared to accept.</p> <p>That there has been on big surprises for the Council where it suffered significant financial loss or reputational damage.</p>	<p>To monitor the effective development and operation of risk management and corporate governance in the Council</p>
<ul style="list-style-type: none"> External Audit Grant Certification Report 	<p>Seek assurances that claims and returns have been managed appropriately and that there are no significant errors that would result in loss of funding.</p>	
<ul style="list-style-type: none"> External Audit Progress Report 	<p>Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.</p> <p>Note: Further assurance needed around impact / risks associated with early close down.</p>	<p>To comment on the scope and depth of external audit work and to ensure it gives value for money</p>
<ul style="list-style-type: none"> Review of draft Annual Report on the work of the Audit Committee 	<p>Provide assurance that the Committee has adequately discharged its terms of reference and has positively contributed to how well the Council is run.</p>	

Audit Committee Work Plan – 2015/16		
<ul style="list-style-type: none"> Review of Accounting Policies – deferred from January 2016 	<p>Seek assurance that the Council has appropriate accounting policies in place to ensure that items are treated correctly in the accounts.</p>	<p>To review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council</p>
<ul style="list-style-type: none"> Review of compliance with Regulation of Investigatory Powers Act – deferred from January 2016 		
<ul style="list-style-type: none"> Update on actions associated with the Annual Governance Statement 2015 – deferred from January 2016 	<p>Gain assurance that management have progressed the agreed actions associated with the significant issues / key risks identified in the Annual Governance Statement.</p>	<p>To oversee the production of the Council's Annual Governance Statement and to recommend its adoption</p> <p>To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice</p>
<p>Annual Report reviewing the effectiveness of the Council's complaints and compliments process, including how well the Council has dealt with complaints as demonstrated by the Local Government Ombudsman's Report. Deferred from January 2016</p>	<p>That the Council's process and procedures for dealing with complaints and compliments is effective.</p>	
Other Assurance		
Internal Audit – External Assessment		

Audit Committee Action Plan – 2015/16			
Action	Terms of Reference Outcome	Key Delivery Activities	Who by and When
Clarify who should attend the Audit Committee and expectations on the information being presented.	<p>Ensure that relevant and focussed reports are presented. Provides more certainty that assurance is relevant & reliable</p> <p>Promote constructive challenge during meetings</p> <p>Strengthen accountability arrangements and the effectiveness of the Audit Committee</p>	<p>Reporting protocol developed</p> <p>Not yet started</p>	Audit and Risk Manager
Undertake a skills and knowledge survey to review and establish any training and development needs as a whole Committee.	Enhance the effectiveness of the Audit Committee	In progress	
<p>A number of areas for consideration regarding the work plan were identified last year, namely:-</p> <ul style="list-style-type: none"> • Reviewing and encouraging transparency in partnership decision making. • Understand and seek assurance over the governance and risks associated with our key partners. • Facilitate risk management training and awareness for members and staff. To 			

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