



County Offices
Newland
Lincoln
LN1 1YL

1 June 2022

Audit Committee

A meeting of the Audit Committee will be held on **Monday, 13 June 2022** in the **Council Chamber, County Offices, Newland, Lincoln LN1 1YL** at **10.00 am** for the transaction of business set out on the attached Agenda.

Yours sincerely

Debbie Barnes OBE
Chief Executive

Membership of the Audit Committee

(7 Members of the Council and 2 Non-Voting Added Members)

Councillors Mrs S Rawlins (Chairman), M G Allan (Vice-Chairman), S Bunney, P E Coupland, J L King, P A Skinner and A N Stokes

Non-Voting Added Members

Mr I Haldenby, Independent Added Member
Mr A Middleton, Independent Added Member

**AUDIT COMMITTEE AGENDA
MONDAY, 13 JUNE 2022**

Item	Title	Pages
1	Apologies for Absence	
2	Declarations of Members' Interests	
3	Minutes of the meeting held on 28 March 2022	5 - 10
4	International Audit Standard - Response to Management Processes Questions <i>(To receive a report by Lucy Pledge, Head of Internal Audit and Risk Management, which provides the Committee with an assessment around whether the Council and Pension Fund financial statements may be mis-stated due to fraud or error)</i>	11 - 50
5	Internal Audit - External Quality Assessment 2022 <i>(To receive a report by Lucy Pledge, Head of Internal Audit and Risk Management, which provides the Committee with information on the result of the external quality assessment undertaken on Assurance Lincolnshire in March 2022)</i>	51 - 78
6	Corporate and Statutory Annual Complaints Report 2021/22 <i>(To receive a report by Shagofta Noreen, Complaints Manager - Business Support, which provides an analysis of corporate and statutory complaints received by Lincolnshire County Council during the year 2021/2022)</i>	79 - 94
7	Information Assurance Annual Report 2021/22 <i>(To receive a report by David Ingham, Head of Information Assurance, which summarises key activity undertaken by the Information Assurance (IA) team during 2021/22)</i>	95 - 108
8	Work Programme <i>(To receive a report by Lucy Pledge, Head of Internal Audit and Risk Management, which invites the Committee to consider its work programme for the upcoming year)</i>	109 - 118

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

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

Contact details set out above.

Please note: This meeting will be broadcast live on the internet and access can be sought by accessing [Agenda for Audit Committee on Monday, 13th June, 2022, 10.00 am \(moderngov.co.uk\)](#)

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<https://www.lincolnshire.gov.uk/council-business/search-committee-records>



**AUDIT COMMITTEE
28 MARCH 2022**

PRESENT: COUNCILLOR MRS S RAWLINS (CHAIRMAN)

Councillors M G Allan (Vice-Chairman), S Bunney, P E Coupland and A N Stokes

Also in attendance: Mr I Haldenby (Independent Added Member)

Councillor: J L King and M A Whittington observed virtually the meeting

Officers in attendance:-

Robert Close (Democratic Services Officer) and Lucy Pledge (Head of Internal Audit and Risk Management)

Also in attendance:-

Mark Surridge (External Auditor, Mazars)

The following officers joined the meeting remotely via Teams:-

Debbie Bowing (Principal Risk Officer), Andrew Crookham (Executive Director Resources), Sue Maycock (Head of Finance) and Matthew Waller (Internal Audit Manager)

Also in attendance via Teams:-

John Pressley (External Auditor, Mazars)

7 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J L King and P A Skinner and Mr Andrew Middleton.

8 DECLARATIONS OF MEMBERS' INTERESTS

No declarations of interest were made with respect to any items on the agenda.

9 MINUTES OF THE MEETING HELD ON 9 FEBRUARY 2022

RESOLVED

That the minutes of the meeting held on 9 February 2022 be confirmed and signed by the Chairman as a correct record.

10 EXTERNAL AUDIT STRATEGIES - LINCOLNSHIRE COUNTY COUNCIL AND LINCOLNSHIRE PENSION FUND 2021/22

Consideration was given to a report produced by the Head of Finance which presented Mazars' 2021/22 audit strategy memoranda for both Lincolnshire County Council and the Lincolnshire Pension Fund.

Mr Pressley, External Auditor – Mazars, was invited to present the Lincolnshire Pension Fund audit strategy memorandum for 2021/22 to the Committee.

Responses were made to questions from members of the Committee on the following topics:

- Work for the 2020/21 Lincolnshire Pension Fund Audit was largely completed to the deadline, however delays in the Lincolnshire County Council audit resulted in a postponed sign off for both statements. The Lincolnshire County Council forthcoming audit would benefit from additional resources to ensure its completion within the timetable. Moreover, the lead officer for previous year's audit was due to return to support the new team leader. All information required from Lincolnshire Pension Fund officers was delivered when requested and an effective working relationship continued. However, valuations from investment fund managers were identified as causing delays in the previous year.
- When additional work was carried out for pension funds, the employers were charged. An example of this occurred in 2020/21 following a late asset valuation, the charge for this additional work was subsequently passed to the employer.

Mr Surridge, External Auditor – Mazars, was invited to present the Lincolnshire County Council audit strategy memorandum for 2021/22 to the Committee.

Responses were made to questions from members of the Committee on the following topics:

- The underlying audit fee rates were set in accordance with the Public Sector Audit Appointment (PSAA) framework informed by time commitments of the auditors. Moreover, constant benchmarking was also undertaken to ensure any built-in work, not recurrent in the scale fee, wouldn't be valued out of line with other areas. It was stressed that rates wouldn't change prior to any retendering from the PSAA framework. Fee estimates were set after resource expectations were identified.
- The Committee were assured that any documentation requested from the Council's finance team would be sought in good time. Last year there were some resource constraints faced by the Council's external valuer which extended the time taken to resolve queries. The external audit team endeavoured to prioritise larger and more extensive work first.
- The Council had Mazars' assurance that, in the event of increased demands from other authorities, Mazars' time would be divided fairly among it's clients.

RESOLVED

That the external audit strategies for Lincolnshire County Council and Lincolnshire Pension Fund be noted.

11 STATEMENT OF ACCOUNTS 2021/22 - ACCOUNTING POLICIES

Consideration was given to a report presented by the Head of Finance which summarised the changes to the Code of Practice on Local Authority Accounting which would be incorporated into the 2021/22 Statement of Accounts for Lincolnshire County Council and the Lincolnshire Pension Fund.

The Chair advised the Committee that she'd had a meeting with the Financial Reporting Council (FRC) to discuss the wider audit process and what could be achieved. In addition, she'd completed the Local Government Association (LGA) PSAA survey putting forward the Committee's concerns around the timing of delivery for audit reports. The Chair also attended the inaugural meeting of the East Midlands Audit Chairs' Forum which sought to establish training events and best practice sharing. Generally, some Chairs felt their respective committees had areas to improve in their knowledge of financial systems, this view wasn't considered to apply to Lincolnshire County Council given their annual training.

Responses were made to questions from members of the Committee on the following topics:

- Members were reminded that a Lincolnshire Audit Committees forum, including County and District authorities, previously met annually to share best practice and support. In addition, Lincolnshire County Council Members were offered a tailored training and development plan. The Committee were advised that, subject to their agreement, the recommencement of these arrangements could be explored.

RESOLVED

1. That the changes required to the Statement of Accounts from the Code of Practice 2021/22 be noted.
2. That the amended deadlines of 31 July 2022 for the preparation of draft accounts, and 30 November 2022 for publication of the audited Statement of Accounts 2021/22, be noted.
3. That the Statement of Accounting Policies, for use in preparing the Council's accounts for the financial year ending 31 March 2022, be approved.
4. That the Statement of Accounting Policies, for use in preparing the Local Government Pension Scheme (LGPS) Pension Fund accounts for the financial year ending 31 March 2022, be approved.
5. That a training and development plan was created for 2022/23 – considering the reprising the Lincolnshire Audit Committee Forum.

12 INTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report presented by the Head of Internal Audit and Risk Management which provided details of the audit work completed to 31 December 2021 and updates on the progress of the audit plan.

Responses were made to questions from members of the Committee on the following topics:

- Any interdependencies with other systems were documented within the Business World On project. Finance and Human Resources (HR) implications resulted from the delay in the Business World On's implementation however, as areas were subject to continued

transformation work, further delays were expected. A recent delay resulted from an interdependent system which would be addressed through the re-planning of the Business World On Project currently being undertaken,

- Following completion of a final parallel payroll run, a 'go live' date for Business World On was identified as 31 March 2023. Outstanding work included a final data cleanse and replacement of the income management system. Moreover, the re-planning process would encompass a full assessment of all feeder systems to mitigate any future complications. Additionally, effective version management, and forthcoming version transition, of the Business World On system resulted in extensive regression testing. Support from Independent Member (IH) of the Audit Committee was welcomed to ascertain the current status and assurance on the delivery of Business World On.
- Cyber security was identified as being a growing area of concern as geopolitical tensions had increased. The Council's main focus in respect of cyber security was to ensure business continuity.
- The Committee were assured that there was a commitment to ensure that staffing deficiencies would be backfilled through external resources. As a longer-term solution, external recruitment and internal promotion were being explored as options to ensure a resilient staffing resource. The Council operated a co-source model, with more external trusted suppliers being engaged during 2022 while we build in-house capacity and recruit.
- It was confirmed that the infrastructure for Office 365 was broadly implemented. Moving forward focus was going to be made to encourage staff to use its functionality. Following a reduction in personal assistant support staff, Office 365 was expected to facilitate an effective transition – with more self-service and efficient/effective ways of working.

RESOLVED

1. That the Internal Audit Progress Report be noted.
2. That Independent Member (IH) be invited to identify the current status and assurance of the delivery of Business World On.

13 RISK MANAGEMENT PROGRESS REPORT - MARCH 2022

Consideration was given to a report presented by the Principal Risk Officer which provided an update on how well the Council's biggest risks are being managed.

Responses were made to questions from members of the Committee on the following topics:

- Risk 10 – IT Infrastructure - The identification of IT infrastructure as 'improving direction of travel', despite its classification as limit assurance, was a result of new cloud platform implementations which continued to improve the wider IT area. The area continued to be monitored and officers were optimistic that it would return to substantial assurance. Moreover, a number of legacy systems were still operational which were scheduled for removal and replacement with cloud-based systems.
- In response to risk activity ambiguity the Principal Risk Officer offered to include a summary page in future reports detailing any change in risk direction.
- Risk 7 – Ability to recruit and retain staff in high risk areas - The Council had recently approved a workforce attraction and retention policy to widen the scope of incentives for staff to remain in post. Furthermore, HR produced an overview report of staffing changes on a monthly basis to help monitor the issue. It was confirmed that data was showing that despite changes to the

employment market, over the last annual period, the number of staff the Council was broadly the same. Staffing levels were also reported regularly to the Overview and Scrutiny Management Board (OSMB). In addition, work was carried out with universities and other education providers to promote skills for the Council's future business needs. HR worked with service areas to deliver a bespoke approach. National schemes would be explored wherever appropriate, particularly in the care sector.

- New risk to be included - Inflation and demand pressures would form part of the Council's future budget setting assumptions. Given the significance of the risk the Corporate Leadership Team (CLT) has asked that inflationary risks would be a separate risk going forward and work was being undertaken to evaluate its extent.
- The Executive Director – Adult Social Care was developing a wraparound transformation project to deliver reforms resulting from the Adult Social Care White Paper. Naturally, any arising risks would be identified within the strategic risk register.

RESOLVED

That the Risk Management Progress Report be noted.

14 COUNTER FRAUD PLAN 2022/23

Consideration was given to a report presented by the Head of Internal Audit and Risk Management which provided information on Counter Fraud and Anti-Corruption activities currently scheduled in the 2022-23 work plan.

Responses were made to questions from members of the Committee on the following topics:

- As part of the Counter Fraud Workplan, an update from the Fraud Risk Register would be received by the Committee in September detailing key vulnerabilities and horizon scanning. It was confirmed that the Counter Fraud Plan was informed by the Fraud Risk Register.
- The Fraud Team was relatively small but carried out a sufficient level of planned work and investigations. Planned work for 2022/33 focussed on raising awareness and promotion of whistle blowing.
- The resources of both the Internal Audit Team and the Counter Fraud Team were combined to ensure the best use of the combined resource and effective working arrangements.

RESOLVED

That the Counter Fraud Plan 2022/23 be approved.

15 INTERNAL AUDIT PLAN 2022/23

Consideration was given to a report presented by the Head of Internal Audit and Risk Management which provided the risk based Internal Audit Plan for 2022/23.

Responses were made to questions from Members of the Committee on the following topics:

- The Asset Management - Software, Physical and Environmental Security, and ICT Governance weren't yet assessed but were still areas of interest. If they were subsequently considered significant enough to be part of the assurance map then they'd be scored and assessed through both, the Council's risk assessment and assurance mapping by the accountable manager.

6

AUDIT COMMITTEE

28 MARCH 2022

- Recruiting pressures were evident and it was clarified that, while the importance of formal qualifications was not to be understated, the requirement for necessary personal attributes was also an important factor for a good auditor.

RESOLVED

That the Internal Audit Plan 2022/23 be approved.

16 WORK PROGRAMME

RESOLVED

That consideration of the Work Programme be deferred to the next scheduled meeting of the Audit Committee.

The meeting closed at 11.51 am



Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Audit Committee
Date:	13 June 2022
Subject:	International Audit Standard - Response to Management Processes Questions

Summary:

This report provides the Committee with an assessment around whether the Council and Pension Fund financial statements may be mis-stated due to fraud or error.

Recommendation(s):

To consider if the assessment accurately reflects the Council's management processes to minimise the risk of fraud or error in the County Council and Pension Fund financial statements.

Background

Each year the External Auditors are required to obtain an understanding of the Council's management processes in a number of areas. The International Auditing Standards specify the areas concerned – with the aim to support risk assessment around fraud, error or a material mis-statements in the County Council and Pension Fund financial statements. This report sets out the management responses to those questions.

Note: A material mis-statement for the Authority's accounts in 2021/22 is £23.5m for the Council and £29.3m for the Pension Fund.

Conclusion

Given the above information the Council and Pension Fund is assessed as **low risk** that the financial statements may be materially mis-stated due to fraud or error.

Consultation

a) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Responses to fraud and error questions from External Audit - LCC
Appendix B	Responses to fraud and error questions from External Audit - Pension Fund

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 07557498932 or lucy.pledge@lincolnshire.gov.uk.

The International Standards on Auditing (ISA), specifically ISA 240, 250, 540, 550 and 570, require auditors to perform certain procedures to obtain an understanding of the entity and its environment, including the entity's internal control. These procedures include making appropriate inquiries of management and others within the organisation, for the purpose of obtaining information for use in identifying the risks of material misstatement due to fraud and other issues.

The purpose of this document is to record management's assessment against these requirements.

Dated: **13 May 2022**

Person Responsible - Assistant Director – Finance, Strategic Finance Lead – Corporate & Head of Internal Audit and Risk Management.

Inquiry Area	Description	Response
Fraud [ISA 240.17a]	What is management’s assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessment?	<p>Overall, we consider the risk that the financial statements may be materially misstated due to fraud is low.</p> <p>Materiality for fraud risk within the LCC Accounts is £23.5m.</p> <p>Management acknowledges that inherent fraud risks are ever present but systems of internal control are in place to manage and reduce this risk. These include:</p> <p>Financial procedures are in place to provide guidance over accounting records and financial systems:</p> <ul style="list-style-type: none"> • Financial Procedure 2: Risk Management and Internal Control includes Audit and Fraud, and Preventing Fraud and Corruption; • Financial Procedure 3: Accounting Records and Financial Systems sets out provision for maintaining accuracy and reliability in accounting records; and • Financial Procedure 4: Control of Resources includes cash management (Treasury Management, Bank Accounts and Bank Reconciliations). <p>The internal audit function is delivered by Assurance Lincolnshire who provide independent, objective and risk-based assurance on the internal control environment.</p> <p>Assurance Lincolnshire’s Audit & Counter Fraud Team supports the council to minimise fraud and corruption risks. A fraud risk register is maintained for the Council and assessments are reported annually to Audit Committee.</p>

<p>Fraud [ISA 240.A12]</p>	<p>What controls and processes has management established to prevent, detect, deter and mitigate fraud?</p> <p>How does management monitor these controls and processes?</p>	<p>The Council adopts a zero-tolerance approach to fraud. This is demonstrated in a range of measures including:</p> <ul style="list-style-type: none"> • Counter Fraud & anti-corruption policy and fraud response plan • Anti-money laundering policy • Whistleblowing policy and arrangements which include a confidential reporting facility • Dedicated resources in Counter Fraud and Investigations Team (CFIT) – including accredited counter fraud specialists and investigators • Well established networks with counter fraud specialists and enforcement officers (local, regional & national) • Fraud awareness work – internal communications, eLearning, programmes, bespoke and support targeted to high risk areas • Proactive work programme – delivered by CF team to deter and detect • Due diligence checks (internal audit) • Participation in National Fraud Initiative (NFI) led by the Cabinet Office <p>Investigation of concerns and reports of fraud or irregularity followed by appropriate sanctions & recovery actions. This is supported by the sanctions set out in the Council’s Code of Conduct and employment policies.</p> <p>A reporting framework is in place with regular fraud related reports for Audit Committee, covering:</p> <ul style="list-style-type: none"> • Annual Counter Fraud Plans • Progress and Annual Reporting to demonstrate achievements against the plan
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Inquiry Area	Description	Response
		<ul style="list-style-type: none"> • Annual Whistleblowing reports • Fraud Risk Assessment • Self-assessment against best practice set out in the latest Fighting Fraud and Corruption Locally (FFCL) recommendations <p>Corporate Leadership Team (CLT) and Resources Leadership Team (RLT) are sighted to these reports in advance of Audit Committee meetings.</p> <p>Similar reporting arrangements are in place for Internal Audit to make sure management and members receive assurances around risk management and governance arrangements.</p>

Inquiry Area	Description	Response
<p>Fraud [ISA 240.17b]</p>	<p>What is management’s process for identifying and responding to the risks of fraud in the entity, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist</p>	<p>The Council has appropriate counter fraud, anti-corruption, anti-money laundering and whistleblowing policies.</p> <p>Reliance is placed upon an appropriate internal control environment and financial management arrangements. Management is accountable for the 'management processes' – the procedures are covered in Financial Procedure 2 and the Counter Fraud Policy which includes a paragraph about accountabilities and specific responsibilities for stakeholders.</p> <p>Internal Audit provides an independent objective review, in accordance with PSIAS standards; any fraud concerns are referred to CFIT for follow up.</p> <p>Confidential reporting and whistleblowing arrangements are established, so that staff, contractors, Councillors or the public are able to report any concerns of wrongdoing.</p> <p>Management are encouraged to contact Audit & Counter Fraud Team for counter fraud advice at an early stage.</p> <p>A fraud response plan is in place to investigate any referrals, and where fraud is found, action is taken for sanctions and recovery.</p>

Inquiry Area	Description	Response
Fraud [ISA 240.A14]	Are there particular operating locations or business segments for which a risk of fraud may be more likely to exist?	In line with key fraud risks highlighted nationally and consideration of the Council's own fraud risk profile - areas to focus are: <ul style="list-style-type: none"> • Cyber Risks • Grant payments (Covid 19 funding) • Adult Care Services • Contracts/Procurement • Corruption, bribery, serious and organised crime
Fraud [ISA 240.17c]	What is the nature and extent of management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the Council?	The Audit Committee is a Regulatory Committee of the Council and has responsibility for of the Council's corporate governance. They provide high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. This includes: The Audit Committee work plan is structured to include regular reports from Internal Audit, Counter Fraud and Risk Management functions of Assurance Lincolnshire. Reports include: <ul style="list-style-type: none"> • Annual plans for audit and counter fraud • Updates of progress against plans – which include summaries of audits completed and investigation outcomes • Annual fraud risk assessment • Results of audit's combined assurance mapping exercises • Annual Governance Statement • Annual Reports and Head of Internal Audit Opinion

Inquiry Area	Description	Response
Fraud [ISA 240.17d]	What is the nature and extent of management’s communication, if any, to employees regarding its views on business practices and ethical behaviour?	<p>The Council has a Codes of Conduct for employees, and it sets out expected ethical standards and is based on the ‘Nolan Principals for standards in public life’. New employees are made aware of The Code of Conduct as part of the Council's induction process.</p> <p>The Code of Conduct is incorporated into the Council's employment policies and is supported by disciplinary policies and procedures.</p> <p>Fraud awareness is regularly communicated to employees via ‘The Counter Fraud Hub’, 'News Lincs' and Management bulletins delivered by Internal Communications.</p> <p>This reinforces the zero-tolerance approach taken in the counter fraud policy.</p> <p>Financial procedures provide the framework for managing Council resources. The Finance Team discusses expectations with budget holders during quarterly monitoring review meetings.</p> <p>CLT oversees the Council's governance arrangements and the development of the Annual Governance Statement. There is also a corporate governance group of officers whose role is to support the Council to ensure that it complies with the standards of good governance.</p>

<p>Fraud [ISA 240.18]</p>	<p>Are you aware of or have you identified any instances of actual, suspected or alleged fraud within the Council? This includes instances of misconduct or unethical behaviour related to financial reporting or misappropriation of assets. Where you are aware of such instances how have these been addressed?</p>	<p>Yes, reports were received and investigated by our dedicated counter fraud & investigation resources. Investigations included fraud, forgery and other financial irregularity issues.</p> <p>Reports of fraud received in 2021/2022 were not over the materiality levels.</p> <p>The Head of Internal Audit provides fraud updates to the S151 officer, External Liaison and Audit Committee.</p> <p>A range of sanctions and redress have been applied. These included:</p> <ul style="list-style-type: none"> • Internal disciplinary procedures (outcomes included: management actions, verbal and written warnings, gross-misconduct dismissals) • Salary recoveries / raising of debtor invoices • Police referrals for criminal prosecution <p>We are also aware of an instance where a where major external mandate fraud attempt was successfully blocked. Referred this to Lincolnshire Police Economic Crime Team who investigated.</p> <p>Where we identify weaknesses in internal control that contributed to fraud losses, recommendations are made to management to ensure proportionate controls are put in place. Recommendations are communicated to internal audit.</p> <p>Audit Committee has oversight of the Council's counter-fraud arrangements. An annual report of Counter Fraud activity is produced and presented to Audit Committee and the Corporate Leadership Team.</p>
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Inquiry Area	Description	Response
Fraud [ISA 240.A14]	What is the nature and extent of management monitoring of operating locations or business segments for fraudulent activities, including fraudulent financial reporting?	<p>Internal Audit delivers a risk-based programme, including due diligence work of key financial systems to provide management with assurance about the effectiveness of internal controls in place.</p> <p>Additional pro-active Counter Fraud reviews are undertaken where there is heightened risk of fraud.</p> <p>Audit Committee has oversight of the Council's counter-fraud arrangements. An annual report of Counter Fraud activity is produced and presented to Audit Committee and the Corporate Leadership Team.</p> <p>Financial accounts are subject to independent audit by external audit.</p>
Transactions Outside the Normal Course of Business [ISA 240.32c]	Is management aware of any significant transactions outside the normal course of business for the entity?	<p>The Council has been involved in support for emergency arrangements in response to the pandemic.</p> <p>There have been no significant decisions made outside of the Council's normal decision-making processes. Finance managers have been involved with tactical and strategic groups and receive weekly reports so that they can pick up on matters of financial concern at an early stage.</p> <p>Management is not aware of any other issues.</p>

Inquiry Area	Description	Response
<p>Laws and Regulations [ISA 250.A11]</p>	<p>What legal and regulatory frameworks are applicable to the Council?</p>	<p>There are a wide range of other legal and regulatory frameworks which are applicable to the Council. These derive from the regulatory framework within which local government operates.</p> <p>The outcome of internal audit's work is reported in regular progress reports and an annual report to Senior Management and the Audit Committee – these all help inform the Council's Annual Governance statement</p> <p>The Council has a constitution which incorporates the legal requirements relating to Council meetings, procurement, financial regulations, employment of senior staff and the ethical framework. This is reviewed regularly by the monitoring officer and any changes to the Constitution are approved at a meeting of the full Council.</p> <p>In line with legal requirements the Council has a Monitoring Officer, A Head of Paid Service and a Chief Financial Officer all of whom are responsible for ensuring compliance. The Council's statutory officers are all appropriately qualified and experienced officers.</p> <p>The Monitoring Officer delivers an Annual Report to Audit Committee providing comment on lawfulness of the Council's arrangements and decision making.</p> <p>Financial Regulations and Contract Regulations in place.</p>

Inquiry Area	Description	Response
Laws and Regulations [ISA 250.A11]	What laws and regulations have a direct effect on the determination of material amounts or disclosures in the financial statements?	<p>The Council operates in the light of the guidance provided within the current CIPFA framework for the preparation of its financial statements.</p> <p>This includes consideration of The Accounts and Audit Regulations and Prudential Code.</p>
Laws and Regulations [ISA 250.15a]	How is the Council complying with the legal and regulatory framework?	<p>The Council's view is that it is fully compliant with the legal and regulatory framework.</p> <p>An appropriately qualified and experienced legal and senior management team is in place. The constitution defines the decision-making protocols, and this is supported by a policy framework.</p> <p>All decision-making reports are required to be reviewed for legality and financial probity. All reports have legal and resources comments on them as a control to avoid acting contra to the statutory framework.</p> <p>The Monitoring Officer ensures that LCC acts and operates within the law and advises on whether decisions of the Executive are lawful and in accordance with the Budget and Policy Framework.</p> <p>An annual report is presented by the Monitoring Office to Audit Committee.</p>

Inquiry Area	Description	Response
<p>Laws and Regulations [ISA 250.A11]</p>	<p>What policies, procedures, and controls has management established to prevent instances of non-compliance with laws and regulations?</p>	<p>The financial regulations form part of our Constitution. They provide the framework for managing our affairs and apply to every Councilor and officer and anyone acting on its behalf.</p> <p>The procedures underpin the Councils systems of internal control and are designed to ensure that our use of resources is legal, properly authorised and provides value for money.</p> <p>The Code of Conduct sets out expected standards,</p> <ul style="list-style-type: none"> • Accountability • Stewardship • Honesty, integrity, impartiality and objectivity • Conflicts of interest • compliance <p>Employment policies provide for disciplinary action if employees fail to comply with the code and associated policies.</p> <p>There is a framework of strategies and policies in place to ensure compliance: including: Financial strategies, Investment and treasury management policies and treasury management and prudential indicators. These are checked for legal compliance against regulatory and statutory frameworks.</p> <p>The Head of Internal Audit and Risk provides an annual opinion on the governance risk and control arrangements. The Annual Governance Statement details governance arrangements. This is signed off by the Leader of the Council, Chief Executive and Executive Director – Resources</p>

Inquiry Area	Description	Response
Laws and Regulations [ISA 250.A15]	Are you aware of any instances of actual, suspected or alleged non-compliance with laws and regulations, including actual or possible illegal acts?	<p>Reports were received and investigated by our dedicated counter fraud & investigation team. Investigations included fraud, Grant Fraud and other financial irregularity issues against LCC. Reports of fraud received in 2021/2022 were well below the materiality levels set.</p> <p>There has been an allegation of grant fraud linked to the Covid 19 grants funding which has been investigated and has been passed to Lincolnshire Police for investigation. The impact of these matters will not exceed materiality levels to the accounts.</p>

Inquiry Area	Description	Response
Laws and Regulations [ISA 250.A11]	What policies, procedures and controls has management established for identifying, evaluating and accounting for litigation, claims and assessments?	<p>Financial Procedure 2 covers the Council's insurance arrangements, and the Council has an Insurance Strategy.</p> <p>Financial Regulations and Procedures in the Constitution of Lincolnshire County Council sets out that:</p> <p>The Section 151 Officer is responsible for advising the council on proper insurance cover, and will:</p> <ul style="list-style-type: none"> • Effect corporate insurance cover, through external insurance and internal funding, and negotiate all claims in consultation with other officers, where necessary. • Include all appropriate employees of the council in suitable fidelity guarantee insurance. • Offer insurance cover to schools in accordance with arrangements for financing schools. • Ensure that provision is made for losses that might result from identified risks. • Ensure that procedures are in place to investigate claims within required timescales. <p>The Section 151 Officer will notify the Executive Member for Resources if the total amount paid to claimants exceeds £2m in any classes of insurance cover.</p> <p>There is an insurance Fund - the process for claims involves legal and insurance. The scheme of delegation sets out approval levels, roles and responsibilities are defined and details how claims are dealt with and settled.</p> <p>Annual actuarial review takes place on the insurance fund to ensure its resilience & long-term sustainability. Quarterly monitoring is in place and balances and claims are reviewed by the Head of Internal Audit & Risk Management.</p>

Inquiry Area	Description	Response
Laws and Regulations [ISA 250.A15]	<p>Is the Council involved in any litigation, claims or assessments?</p> <p>What is management's assessment of such matters?</p> <p>Which litigation, claims and assessments involving the Council may have a material effect on the financial statements and/or may require disclosure in the financial statements?</p>	<p>Yes; there are a number of claims outstanding, but these are accounted for in the Insurance Fund.</p> <p>The value of claims pending is substantial, but not is above the materiality levels for the accounts.</p>
Accounting Estimates [ISA 540.8b]	<p>Have there been changes in circumstances that may give rise to new or the need to revise existing accounting estimates?</p>	<p>Changes are being consulted upon in relation to the balance sheet valuation of infrastructure assets.</p>

Inquiry Area	Description	Response
Related Parties [ISA 550.13ab]	<p>Who are the entity's related parties and what is the nature of the relationship between the Council and each related party?</p> <p>Are there any changes in related parties from the prior period?</p>	<ul style="list-style-type: none"> • These are set out in the 2021/22 statement of accounts. • Declarations from our Members and Senior Officers are collated at year end in accordance with the Code adaption of IAS24. <p>We have 4 subsidiary companies –</p> <ul style="list-style-type: none"> • Transport Connect Limited, • Lincolnshire County Property Limited, • Lincolnshire Futures Limited • Legal Services Lincolnshire (Trading) Limited. These companies were set up to support service delivery. <p>Not anticipating any changes from prior period.</p>
Related Parties [ISA 550.13c]	<p>Have there been any transactions with the identified related parties during the period, and if so, what is the type and purpose of the transactions?</p>	<ul style="list-style-type: none"> • This will be identified and analysed following receipt of declaration forms from members and senior officers. • Details of all transactions are also recorded in the Register of Members' Interest and is available for public inspection and online through the council's website.

Inquiry Area	Description	Response
<p>Related Parties [ISA 550.14]</p>	<p>What policies, procedures and controls has management established to</p> <ul style="list-style-type: none"> • identify, account for, and disclose related party relationships and transactions in accordance with the applicable financial reporting framework? • authorise and approve significant transactions and arrangements with related parties; and • authorise and approve significant transactions and arrangements outside the normal course of business. 	<p>Declaration of interest form is sent out to members and senior officers for return annually. This is checked against their declaration of interest published in the website. Discrepancy is investigated.</p> <ul style="list-style-type: none"> • Companies House is checked for directorship of executive members and senior officers to cross check their declaration. Any discrepancy is again investigated. • Declaration of interest at meetings can be accessed online to strengthen transparency. • Transactions are approved in accordance with the financial regulations. • Management is not aware of transactions and arrangements outside the normal course of business. • Investment in companies is made in accordance with the Capital Strategy, which is approved annually. • NFI – bi annual exercise data match of payroll data (staff and members) against supplier data. CFIT investigate undeclared conflicts of interest.

Inquiry Area	Description	Response
Going Concern [ISA 570.10]	<p>Has management made an assessment of the entity's ability to continue as a going concern?</p> <p>If so, has management identified events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and, management's plans to address them?</p> <p>If not, what is management's basis for the intended use of the going concern assumption?</p>	We are not aware of any events or conditions which might affect the going concern of the County Council.
Going Concern [ISA 570.15]	Is management aware of any events or conditions beyond the period of management's formal assessment that may cast significant doubt on the entity's ability to continue as a going concern?	We are not aware of any events.

ENQUIRIES OF MANAGEMENT

Lincolnshire Pension Fund

March 2022

INTRODUCTION

- The International Standards on Auditing (ISA), specifically ISA 240, 250, 540, 550 and 570, require auditors to perform certain procedures to obtain an understanding of the entity and its environment, including the entity's internal control. These procedures include making appropriate inquiries of management and others within the organisation, for the purpose of obtaining information for use in identifying the risks of material misstatement due to fraud and other issues.
- The purpose of this document is to record management's assessment against these requirements.

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
Fraud [ISA 240.17a]	What is management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessment?	<p>Overall, we consider the risk that the financial statements may be materially misstated due to fraud is low.</p> <p>Materiality for fraud risk within the Pension Fund Accounts is £29.3m.</p> <p>Management acknowledges that inherent fraud risks are ever present but has systems of internal control to manage and reduce this risk. These include:</p> <p><u>Lincolnshire Pension Fund/County Council Internal Controls</u></p> <p>Financial procedures are in place to provide guidance over accounting records and financial systems:</p> <ul style="list-style-type: none"> • Financial Procedure 2: Risk Management and Internal Control includes Audit and Fraud, and Preventing Fraud and Corruption; • Financial Procedure 3: Accounting Records and Financial Systems sets out provision for maintaining accuracy and reliability in accounting records; and • Financial Procedure 4: Control of Resources includes cash management (Treasury Management, Bank Accounts and Bank Reconciliations. <p><u>Lincolnshire County Council Internal Audit</u></p> <p>Assurance Lincolnshire delivers the internal audit function to provide independent, objective and risk-based assurance on the internal control environment. Assurance mapping is in place and annual plans support due diligence reviews of key financial systems.</p> <p>A separate Counter Fraud and Investigations team has been established to support the council minimise fraud and corruption risks. A fraud risk register is maintained for the Council and assessments are reported annually to Audit Committee.</p>

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
		<p><u>Shared Service Administrator Internal Controls</u></p> <p>West Yorkshire Pension Fund, as shared service administrator also has internal controls in place to reduce the risk of fraud. Specifically linked to the administration service, these include:</p> <ul style="list-style-type: none"> • Annual participation in the National Fraud Initiative (NFI) for pensioner payments; and • Use of schemes/arrangements, such as: ‘Tell Us Once’. <p><u>Shared Service Administrator Internal Audit</u></p> <p>Bradford Council Internal Audit section have a five-year audit plan for West Yorkshire Pension Fund, they also undertake ad hoc reviews where risk is identified.</p>
<p>Fraud [ISA 240.A12]</p>	<p>What controls and processes has management established to prevent, detect, deter and mitigate fraud?</p> <p>How does management monitor these controls and processes?</p>	<p><u>Lincolnshire Pension Fund/County Council</u></p> <p>The Council adopts a zero-tolerance approach to fraud. This is demonstrated in a range of measures including:</p> <ul style="list-style-type: none"> • Counter Fraud and anti-corruption policy (currently being refreshed) and fraud response plan • Anti-money laundering policy • Whistleblowing policy and arrangements including confidential reporting facility • Dedicated resources in Counter Fraud and Investigations Team (CFIT) – including accredited counter fraud specialists and investigators • Well established networks with counter fraud specialists and enforcement officers (local, regional & national) • Fraud awareness work – internal communications, eLearning, programmes, bespoke and support targeted to high risk areas

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
		<ul style="list-style-type: none"> • Proactive work programme – delivered by CF team to deter and detect • Due diligence checks (internal audit) • Participation in National Fraud Initiative (NFI) led by the Cabinet Office <p>Investigation of concerns and reports of fraud or irregularity followed by appropriate sanctions & recovery actions. This is supported by the sanctions set out in the Council’s Codes of Conduct and employment policies.</p> <p>A reporting framework is in place; Counter Fraud Investigations Team (CFIT) produces regular fraud related reports for Audit Committee, covering:</p> <ul style="list-style-type: none"> • Annual Counter Fraud Plans • Progress and Annual Reporting to demonstrate achievements against the plan • Annual Whistleblowing reports • Fraud Risk Assessment • Self-assessment against best practice set out in the latest Fighting Fraud and Corruption Locally (FFCL) recommendations <p>Corporate Leadership Team (CLT) and Resources Leadership Team (RLT) are sighted to these reports in advance of Audit Committee meetings.</p> <p>Similar reporting arrangements are in place for Internal Audit to make sure management and members receive assurances around risk management and governance arrangements.</p>

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
		<p><u>Shared Service Administrator</u></p> <p>Arrangements in place at the Share Service Administrator include:</p> <ul style="list-style-type: none"> • Trained staff, with adequate capacity and resource to deliver required services and adequately rewarded; • System based scheme of delegations, authorisation, controlled payables + receivables; • Daily cash reconciliations to bank statement downloads; • Suspense account clearance; • Expenditure/budget monitoring; • Preapproved purchase orders / commitments; • Planned and unplanned internal audit reviews; • Pension scams training; and • Dedicated Bradford Council Fraud Investigations Team.
<p>Fraud [ISA 240.17b]</p>	<p>What is management's process for identifying and responding to the risks of fraud in the entity, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of</p>	<p><u>Lincolnshire Pension Fund/County Council</u></p> <p>The Council has appropriate counter fraud, anti-corruption, anti-money laundering and whistleblowing policies.</p> <p>Reliance is placed upon an appropriate internal control environment and financial management arrangements. Management is accountable for the 'management processes' – the procedures are covered in Financial Procedure 2 and the Counter Fraud Policy which includes a paragraph about accountabilities and specific responsibilities for stakeholders.</p> <p>Internal Audit provides an independent objective review, in accordance with PSIAS standards; any fraud concerns are</p>

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
	transactions, account balances, or disclosures for which a risk of fraud is likely to exist	referred to CFIT for follow up. Confidential reporting and whistleblowing arrangements are established, so that staff, contractors, Councillors or the public are able to report any concerns of wrong doing. Management are encouraged to contact CFIT for counter fraud advice at an early stage. A fraud response plan is in place to allow CFIT to investigate any referrals, and where fraud is found, action is taken for sanctions and recovery.
Fraud [ISA 240.A14]	Are there particular operating locations or business segments for which a risk of fraud may be more likely to exist?	In line with key fraud risks highlighted nationally and consideration of the Council's own fraud risk profile, we believe areas to focus on are: <ul style="list-style-type: none"> • Cyber Risks; • Contracts/Procurement; and • Corruption, bribery, serious and organised crime.
Fraud [ISA 240.17c]	What is the nature and extent of management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the Fund?	The Audit Committee is a Regulatory Committee of the Council and is a key component of the Council's corporate governance. They provide high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. This includes: <ul style="list-style-type: none"> • The Audit Committee work plan is structured to include regular reports from Internal Audit, Risk Management and CFIT functions of Assurance Lincolnshire. Reports include: • Annual plans for audit and counter fraud work • Updates of progress against plans – including summaries of audits completed and investigation outcomes • Annual fraud risk assessment • Results of audit's combined assurance mapping exercises

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
		<ul style="list-style-type: none"> • Annual Governance Statement <p>In addition to the Council wide arrangements:</p> <ul style="list-style-type: none"> • The Pensions Committee and Pensions Board consider the Fund’s risk register on an annual basis, with quarterly updates to report any emerging issues • The Pensions Committee and Pensions Board receive summary information on internal audit reviews undertaken by Assurance Lincolnshire and Bradford Council Internal Audit Team on the Share Administration Service. • Annually (in October) the Pensions Board review all internal audit work conducted in the last 12 months. • During 2021/22 the Pensions Board received a presentation from the Share Service Administrator on how they manage cyber risk.
<p>Fraud [ISA 240.17d]</p>	<p>What is the nature and extent of management’s communication, if any, to employees regarding its views on business practices and ethical behaviour?</p>	<p><u>Lincolnshire Pension Fund/County Council</u></p> <p>The Council has a Code of Conduct for employees; it sets out expected ethical standards and is based on Nolan Principals for standards in public life. New employees are made aware of The Code of Conduct as part of the Council’s induction process.</p> <p>The Code of Conduct is incorporated into the Council’s employment policies and is supported by disciplinary policies and procedures. The Council’s employment policies were refreshed in 2020. Mandatory training courses were available for all managers and the disciplinary policy training made specific reference to Codes of Conduct and reporting of concerns via the CFIT team.</p> <p>Fraud awareness is regularly communicated to employees via ‘The Counter Fraud Hub’, in ‘News Lincs’ and Management bulletins delivered by Internal Communications. This reinforces the zero-tolerance approach taken in the counter fraud policy. A targeted approach is taken where there is an increased risk; for example, management communications around</p>

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
		<p>bank mandate fraud risks.</p> <p>CLT oversees the Council's governance arrangements and the development of the Annual Governance Statement. There is also a corporate governance group of officers whose role is to support the Council to ensure that it complies with the standards of good governance and a Governance Action Plan is in place.</p>
<p>Fraud [ISA 240.18]</p>	<p>Are you aware of or have you identified any instances of actual, suspected or alleged fraud within the Pension Fund? This includes instances of misconduct or unethical behaviour related to financial reporting or misappropriation of assets.</p> <p>Where you are aware of such instances how have these been addressed?</p>	<p>We are not aware of any instance of fraud within the Pension Fund.</p> <p>The Council has in place robust arrangements in place if such an instance arose.</p>
<p>Fraud [ISA 240.A14]</p>	<p>What is the nature and extent of management monitoring of operating locations or business segments for fraudulent activities, including fraudulent financial reporting?</p>	<p><u>Assurance Lincolnshire</u></p> <p>Internal Audit delivers a risk-based programme, including due diligence work of key financial systems to provide management with assurance about the effectiveness of internal controls in place.</p> <p>Additional pro-active Counter Fraud reviews are undertaken by CFIT where there is heightened risk of fraud.</p>

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
		<p><u>Shared Service Administrator</u></p> <p>Quarterly management meetings are held with the Shared Service. Reporting here includes the work of internal audit, details of the NFI review.</p> <p>The Shared Service Administrator also provides a quarterly update to the Pensions Committee and Pensions Board on their activity during the last quarter.</p> <p><u>Pensions Committee and Pensions Board</u></p> <p>Management provide quarterly reports to the Pensions Committee and Pensions Board covering all aspects of the work of the Fund.</p> <p>The Pensions Committee and Pensions Board receive summary information on internal audit reviews undertaken by Assurance Lincolnshire and Bradford Council Internal Audit Team on the Share Administration Service.</p> <p>Annually (in October) the Pensions Board review all internal audit work conducted in the last 12 months.</p>
<p>Transactions Outside the Normal Course of Business [ISA 240.32c]</p>	<p>Is management aware of any significant transactions outside the normal course of business for the entity?</p>	<p>We are not aware of any transactions outside the normal course of business for the Pension Fund.</p>
<p>Laws and Regulations [ISA 250.A11]</p>	<p>What legal and regulatory frameworks are applicable to the Fund?</p>	<p>The legislative framework for the Pension Fund comes from: the Pensions Act 2004, the Public Service Pensions Act 2013 and the Pension Schemes Act 2021. There are also specific LGPS regulations relating to benefits, administration, funding, governance, communications and investment (LGPS Regulations 2013, as amended).</p> <p>There is also the general legislative framework for local authorities, which cover the Pension Fund, including requirements</p>

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
		such as: Freedom of Information and GDPR.
Laws and Regulations [ISA 250.A11]	What laws and regulations have a direct effect on the determination of material amounts or disclosures in the financial statements?	<p>The Pension Fund Accounts are prepared using IFRS's as interpreted by CIPFA in the Code of Practice.</p> <p>Further guidance comes from CIPFA for preparation of the Annual Report and on accounting for investment management costs.</p> <p>The Fund is also covered by the Accounts and Audit Regulations 2015.</p>
Laws and Regulations [ISA 250.15a]	How is the Fund complying with the legal and regulatory framework?	<p>Lincolnshire County Council as the Administering Authority for the Lincolnshire Pension Fund is responsible for maintaining and investing its own Fund for the LGPS. The Council has in place:</p> <ul style="list-style-type: none"> • A Pensions Committee to advise the Council on arrangements for dealing with the Pension Fund – full details of the Committee's Terms of Reference can be found in the Council's Constitution. • A Local LGPS Pension Board to ensure compliance with the Regulations and effective governance and administration of the Scheme. • The S151 officer acts as Scheme administrator. Their responsibilities in respect of the Pension Fund are set out in the Council's Constitution. • Appropriately qualified and experience staff managing the Pension Fund. <p>The Pensions Committee, Board and Senior Officers receive regular reports on all aspects of the Fund's management. Decision-making is made within the requirements set out in the Council's Constitution and Financial Regulations.</p>
Laws and Regulations [ISA 250.A11]	What policies, procedures, and controls has management established to	The Council has in place a Constitution that provides the framework for all Council operations. This covers decision-making (including the responsibilities of the Pensions Committee), financial regulations, as well as the Code of Conduct

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
	<p>prevent instances of non-compliance with laws and regulations?</p>	<p>for Members and Officers.</p> <p>In addition to the Council's regulatory framework the Fund has a suite of policies which provide the framework within which the Fund operates. These include:</p> <ul style="list-style-type: none"> • Investment Strategy Statement; • Governance and Compliance Statement; • Communications Policy; • Stewardship Code; • Breaches Reporting; • Code of Conduct; • Funding Strategy Statement; and • Administration Strategy. <p>These are reviewed and approved by the Pensions Committee Annual (at the quarterly meeting in March).</p> <p>Monitoring of controls come from: reporting to Pensions Committee and Board, the work of the LGPS Local Pensions Board and Internal Audit.</p>
<p>Laws and Regulations [ISA 250.A15]</p>	<p>Are you aware of any instances of actual, suspected or alleged non-compliance with laws and regulations, including actual</p>	<p>We are not aware of any non-compliance with laws and regulations or illegal acts.</p> <p>In addition to the in-house legal team (which the Fund uses for legal advice on Fund employer matters). During 2021/22 the Fund has used:</p> <ul style="list-style-type: none"> • Eversheds Sutherland for the document review of Allianz Home Equity Fund agreement; and

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
	<p>or possible illegal acts?</p> <p>Other than in house legal team, can you provide details of those legal firms utilised during the year. Please indicate where they are working on open litigation or contingencies from prior years?</p>	<ul style="list-style-type: none"> • Institutional Protection Services and Pinsent Masons LLP for tax dividend claims and advice. <p>There is no ongoing work on open litigation or contingencies.</p>
<p>Laws and Regulations [ISA 250.A11]</p>	<p>What policies, procedures and controls has management established for identifying, evaluating and accounting for litigation, claims and assessments?</p>	<p>Financial Procedure 2 covers the Council's insurance arrangements, and the Council has an Insurance Strategy.</p> <p>There is an Insurance Fund for managing claims involving legal and insurance. The scheme of delegation sets out: approval levels, roles and responsibilities, and provides details on how claims are dealt with and settled. There is an annual actuarial review of the insurance fund to ensure its resilience and long-term sustainability. Quarterly monitoring is in place, and balances and claims are reviewed by the Head of Internal Audit & Risk Management.</p>
<p>Laws and Regulations [ISA 250.A15]</p>	<p>Is the Fund involved in any litigation, claims or assessments?</p> <p>What is management's assessment of such matters?</p> <p>Which litigation, claims and assessments involving the Fund may have a material</p>	<p>Currently there are no claims or litigation pending for the Pension Fund.</p>

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
	effect on the financial statements and/or may require disclosure in the financial statements?	
Accounting Estimates [ISA 540.8b]	Have there been changes in circumstances that may give rise to new or the need to revise existing accounting estimates?	<p>There are no changes expected to how accounting estimates are calculated.</p> <p><u>Note 4 Critical Judgements in Applying Accounting Policies</u></p> <p>No changes planned, will disclose Pension Fund Liability as in 2020/21 accounts.</p> <p><u>Note 5 Assumptions Made About the Future and Major Sources of Estimation</u></p> <p>No changes planned, will disclose:</p> <ul style="list-style-type: none"> • Actuarial present value of promised retirement benefits; • Hedge Funds; and • Unquoted Assets.
Related Parties [ISA 550.13ab]	<p>Who are the entity's related parties and what is the nature of the relationship between the Fund and each related party?</p> <p>Are there any changes in related parties from the prior</p>	<p>Expected declarations within the statement of accounts:</p> <ul style="list-style-type: none"> • The relationship between LPF and LCC as the administering authority (including the cost of administering the Fund, the County Council as an employer within the Fund, and the provision of Treasury Management by the Council to the Fund); • Members of the Pensions Committee (membership of the fund) and declarations of interests made at each meeting of the Pensions Committee (from a review of Committee meeting minutes); and

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
	period?	<ul style="list-style-type: none"> The relationship between LPF and Border to Coast Pensions Partnership (where the company is partially owned by the Fund, and acts as an investment manager for the Fund). <p>Further enquiries will be made of all members of the Pensions Committee in accordance with the Code adaption of IAS24. We will rely on the responses, made to the County Council's enquiries for County Councillors and will make further enquiries for those voting members of the Committee who are not County Councillors, using the same forms as used for County Councillors:</p> <ul style="list-style-type: none"> Andy Ancliffe (employer representative); Cllr R Waller (District Council representative); and Steve Larter (Small Scheduled Bodies representative). <p>No changes to process from 2020/21.</p>
Related Parties [ISA 550.13c]	Have there been any transactions with the identified related parties during the period, and if so, what is the type and purpose of the transactions?	See above.
Related Parties [ISA 550.14]	<p>What policies, procedures and controls has management established to</p> <ul style="list-style-type: none"> identify, account for, and disclose related party 	<p>The Pension Fund has a Conflicts of Interest Policy, this is reviewed, and any changes approved by the Pensions Committee each March. When a new member joins the Pensions Committee are required to sign a declaration of interest relating to the management of Lincolnshire Pension Fund. This is in addition to the normal declaration made by all County Councillors.</p>

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
	<p>relationships and transactions in accordance with the applicable financial reporting framework?</p> <ul style="list-style-type: none"> • authorise and approve significant transactions and arrangements with related parties; and • authorise and approve significant transactions and arrangements outside the normal course of business. 	<p>Members of the Pensions Committee are also required to declare any interests at each Pensions Committee meeting.</p> <p><u>Disclosure within the Financial Statements</u></p> <p>As part of the accounts preparation process an annual declaration form is sent out to all members of the Pensions Committee, this form is prepared to identify an related party relationships or transactions as required by the Code of Practise and IAS24.</p> <p>The responses to the declaration forms are reviewed and disclosed in the accounts as required.</p> <p>Declarations made at Pensions Committee meetings are also reviewed and disclosed in the accounts as required.</p> <p>A review of all pension fund transactions is undertaken to identify any further related party transactions.</p>
<p>Going Concern [ISA 570.10]</p>	<p>Has management made an assessment of the entity's ability to continue as a going concern?</p> <p>If so, has management identified events or conditions that, individually or collectively, may cast significant doubt on the</p>	<p>We are not aware of any events or conditions which might affect the going concern of the Pension Fund.</p>

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
	<p>entity's ability to continue as a going concern and, management's plans to address them?</p> <p>If not, what is management's basis for the intended use of the going concern assumption?</p>	
<p>Going Concern [ISA 570.15]</p>	<p>Is management aware of any events or conditions beyond the period of management's formal assessment that may cast significant doubt on the entity's ability to continue as a going concern?</p>	<p>We are not aware of any events.</p>
<p>General enquiries</p>	<p>What are the key events or issues that will have a significant impact on the financial statements?</p>	<p>We are not aware of any issues that will have a significant impact on the financial statements.</p> <p><u>Asset Manager Changes/Investment Changes</u></p> <p>During 2021/22 the Fund transitioned MAC manager (from PIMCO to Border to Coast). A transfer of ~£92m was made from PIMCO to Border to Coast in October 2021. A further £54m cash was added into the Border to Coast MAC Fund (from rebalancing overweight positions in Global and UK Equities).</p> <p>We were notified by Aviva that their Property Unit Trust Fund was going to be wound up. In January 2022 the Fund received ~£32.2m cash back from the manager.</p>

ENQUIRIES OF MANAGEMENT

Inquiry Area	Description	Response
		<p>The Fund also appointed a new Property Manager (Allianz), making a £30m commitment to their Home Equity Fund, so far ~£6m has been called by the manager.</p> <p>These movements will be seen in the Financial Statements in Note 12A Reconciliation of Movements in Investments, although none of these changes have a significant impact on the financial statements.</p>
General enquiries	Have you, or are you planning to, adopt any new accounting policies?	<p>Accounting policies for the Pension Fund were presented to and approved by the Council's Audit Committee and the Pensions Committee in March 2022. A copy of the paper presented to the Pensions Committee (including the Accounting Policies has been provided in Huddle).</p> <p>There are no changes to the 2021/22 Accounting Policies.</p>

Mazars LLP
Birmingham

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Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Audit Committee
Date:	13 June 2022
Subject:	Internal Audit - External Quality Assessment - 2022

Summary:

Internal Audit within the Public Sector in the UK is a statutory function, governed by the Public Sector Internal Audit Standards (PSIAS) - which have been in place since 2013 (updated in 2017).

The Standards require an external quality assessment at least every 5 years as part of Internal Audit's Quality Assurance Framework. This report provides the Committee with information on the result of the external quality assessment undertaken on Assurance Lincolnshire in March 2022.

It shows that the Council's Internal Audit function **fully conforms** with mission statement for Internal Audit, the Standards of practice and the Code of Ethics laid down in the PSIAS and the associated CIPFA advisory application note.

Recommendation(s):

That the Committee note the positive outcome of the External Quality Assessment for Assurance Lincolnshire and are assured over the quality and effectiveness of the Council's Internal Audit Function.

Background

- 1.1 The Council's Internal Audit function is delivered by an in-house team - Assurance Lincolnshire. Assurance Lincolnshire is a collaborative partnership consisting of Lincolnshire County Council, City of Lincoln and Nottinghamshire County Council.
- 1.2 The Public Sector Internal Audit Standards (PSIAS) – which have been in place since April 2013 (updated March 2017) consist of the following elements:
 - Mission statement of Internal Audit
 - Definition of Internal Auditing
 - Core principles for the professional standards
 - Code of Ethics, and
 - Attribute and performance Standards for the Professional Practice of internal Auditing.

- 1.3 They aim to promote consistency of practice and improvement in the professionalism, quality and effectiveness of internal audit across both the public and private sectors. They reaffirm the importance of robust, independent and objective internal audit assurance.
- 1.4 In local government the PSIAS are mandatory - as required by the Accounts and Audit Regulations 2015. We must also comply with the CIPFA Local Government Application Note.
- 1.5 The Standards require an external assessment at least once every 5 years as part of an Internal Audit's Quality Assurance Framework. They must be conducted by a qualified, independent assessor or assessment team from outside the organisation. Our assessment was conducted by CIPFA.
- 1.6 CIPFA is ideally placed to carry out the external quality assessment. They are one of the professional bodies who set internal audit standards for public bodies and provide professional guidance on the Standards as well as other aspects of internal audit. CIPFA is therefore very familiar with internal audit standards in policy and in practice. They undertake external quality assessments across public sector organisations.
- 1.7 Our assessment was undertaken in February 2022 and included:
- Self-assessment validation.
 - Survey of a wide range of stakeholders .
 - Interviews with key stakeholder - this involved the Audit Committee Chairs, S151 Officers and auditees.
 - A comprehensive range of documents that they used as evidence to support their self-assessment, and these were available for examination prior to and during this validation review.
- 1.8 The questionnaire and interviews focussed on determining the strengths and weaknesses of Assurance Lincolnshire and assessed them against the four broad themes of Purpose and Positioning; Structure and Resources; Audit Execution; and Impact.
- 1.9 We are really pleased with the outcome of the External Quality Assessment – it is a very rigorous and challenging assessment. We pride ourselves on being an experienced, competent and innovative internal audit provider – who strives to maintain and develop its service by embedding quality in all elements of internal audit activity.
- 1.10 This assessment helps provide confidence to the Council over the quality of the service and the excellent people who deliver its internal audit work and plan.
- 1.11 Whilst the assessment didn't recommend any improvement actions – there were a number of advisory points made, designed to help enhance existing operations and the adoption of best practice. These were to consider:
- Increasing capacity at within the Lincolnshire's County Council internal audit team
 - Increase the use of data analytics during audits
 - Increase in-house IT audit capacity, and
 - Potential strategies to address the recruitment issues.
- 1.12 A copy of the External Quality Assessment report for Assurance Lincolnshire is attached in **Appendix A**.

1.13 Our quality assurance framework provides a structure for continuous improvement – the advisory points have been included in our Quality Assurance Improvement Plan – **Appendix B**.

Conclusion

That the Assurance Lincolnshire Partnership’s self-assessment is accurate and as such we conclude that they **FULLY CONFORM** to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

Consultation

a) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Appendix A - Final Report EQA - 2022
Appendix B	Appendix B - Assurance Lincolnshire's Quality Assurance Improvement Plan

Background Papers

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

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External Quality Assessment of Conformance to the Public Sector Internal Audit Standards

Assurance Lincolnshire Partnership

Final Report

Lead Associate: Ray Gard, CPFA, FCCA, CFIIA, DMS

Internal QA: Policy and Technical, CIPFA.

4th May 2022

1. Introduction

- 1.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS), which have been in place since 1st April 2013 (revised 2016 and 2017). All public sector internal audit services are required to measure how well they are conforming to the standards. This can be achieved through undertaking periodic self-assessments, external quality assessments, or a combination of both methods. However, the standards state that an external reviewer must undertake a full assessment or validate the internal audit service's own self-assessment at least once in a five-year period. This is the Assurance Lincolnshire Partnership's second external quality assessment (EQA) of conformance to the PSIAS that the Internal Audit Service has undergone.

2. Background

- 2.1 The Assurance Lincolnshire Partnership is an internal audit partnership made up of the internal audit services from Lincolnshire County Council, the City of Lincolnshire Council, and Nottinghamshire County Council. As Nottinghamshire County Council have only recently joined the Partnership and their internal audit service was not due for an EQA they did not form part of this review.
- 2.2 The Assurance Lincolnshire Partnership provides internal audit services to a portfolio of clients including Lincolnshire County Council (LCC), the City of Lincoln (COL), three district councils (North Kesteven District Council, West Lindsey District Council, and Newark and Sherwood District Council), the East and South Lincolnshire Partnership (East Lindsey District Council, Boston Borough Council and South Holland District Council), education establishments, and Town Council. Assurance Lincolnshire is predominantly a large experienced and well qualified in-house Partnership managed by the Head of Internal Audit and Risk Management for LCC and the Audit Manager for COL. The in-house staff are supported as and when required by internal audit resources bought in from one or more of the Partnership's co-sourcing partners.
- 2.3 From an operational perspective, Assurance Lincolnshire reports directly to the Corporate Leadership teams and the Audit Committees at their respective clients. These two bodies fulfil the roles of 'senior management' and 'the board', as defined by the Public Sector Internal Audit Standards. The Head of Internal Audit and Risk Management for LCC and the Audit Manager for COL report regularly on the audit plan and its delivery to the respective corporate leadership teams and audit committees, together with their respective annual reports and opinions.
- 2.4 Assurance Lincolnshire has a comprehensive set of audit practice notes in place, and they use standard template documents for their engagement working papers and testing schedules, engagement terms of reference, action plans and audit reports, all of which are held in the Service's audit management application, Pentana. This application is also used for managing the audit engagements with all staff recording time spent on the assignments in the application. Supervision of the engagements is undertaken at every stage of the audit process and is recorded in the Pentana application.
- 2.4 Assurance Lincolnshire has a comprehensive quality assurance process in place that includes supervision and monitoring of live audit and consulting assignments, completed audit file reviews, customer satisfaction surveys, and annual self-assessments of their conformance to the PSIAS and LGAN. All of these, together with the workforce development strategy, feed into their Quality Assurance and Improvement Programme (QAIP).

3. Validation Process

- 3.1 The self-assessment validation comprises a combination of a review of the evidence provided by the Assurance Lincolnshire Partnership; a review of a sample of completed internal audits covering the Partnership's main clients; questionnaires that were sent to and completed by a range of stakeholders from the Partnership's clients; and a series of (virtual) interviews using MS Teams with key stakeholders, again covering all the Partnership's main clients. The questionnaire and interviews focussed on determining the strengths and weaknesses of Assurance Lincolnshire and assessed them against the four broad themes of Purpose and Positioning; Structure and Resources; Audit Execution; and Impact.
- 3,2 Assurance Lincolnshire provided a comprehensive range of documents that they used as evidence to support their self-assessment, and these were available for examination prior to and during this validation review. These documents included the:
- self-assessment against the standards;
 - quality assurance and improvement plan (QAIP);
 - evidence file to support the self-assessment;
 - the audit charters;
 - the annual reports and opinions for the main clients;
 - the audit plans and strategies for the main clients;
 - audit practice notes (audit manual);
 - a range of documents and records relating to the team members; and
 - progress and other reports to the respective Audit Committees.

All the above documents were examined during the EQA.

- 3.3 The validation process was carried out during February 2022 and involved interviews with the key personnel from Assurance Lincolnshire plus a sample of key stakeholders from their customer base, made up of members of the senior management teams and chairs of Audit Committees. Overall, the feedback from the interviewees was positive with clients valuing the professional and objective way Internal Audit delivered services.
- 3.4 A questionnaire was sent to a range of other key stakeholders and the results analysed during the review. A summary of the survey results has been provided to assurance Lincolnshire.
- 3.5 The assessor also carried out an end-to-end review of a sample of completed audits, covering all of Assurance Lincolnshire's clients to confirm his understanding of the audit process used by Internal Audit and embedded in their Pentana audit management system.

4. Opinion

It is our opinion that the Assurance Lincolnshire Partnership's self-assessment is accurate and as such we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

The table below shows the Partnership's level of conformance to the individual standards assessed during this external quality assessment:

Standard / Area Assessed	Level of Conformance
Mission Statement	Fully Conforms
Core principles	Fully Conforms
Code of ethics	Fully Conforms
Attribute standard 1000	Fully Conforms
Attribute standard 1100	Fully Conforms
Attribute standard 1200	Fully Conforms
Attribute standard 1300	Fully Conforms
Performance standard 2000	Fully Conforms
Performance standard 2100	Fully Conforms
Performance standard 2200	Fully Conforms
Performance standard 2300	Fully Conforms
Performance standard 2400	Fully Conforms
Performance standard 2500	Fully Conforms
Performance standard 2600	Fully Conforms

5. Areas of full conformance with the Public Sector Internal Audit Standards

5.1 Mission Statement and Definition of Internal Audit

The mission statement and definition of internal audit from the PSIAS are included in the audit charters.

5.2 Core Principles for the Professional Practice of Internal Auditing

The Core Principles, taken as a whole, articulate an internal audit function's effectiveness, and provide a basis for considering the organisation's level of conformance with the Attribute and Performance standards of the PSIAS.

The clear indication from this EQA is that the Core Principles are embedded in the Pentana audit management application and the Partnership's working methodologies and demonstrates that Assurance Lincolnshire is a competent and professional service that conforms to all ten elements of the Core Principles.

5.3 Code of Ethics

The purpose of the Institute of Internal Auditors' Code of Ethics is to promote an ethical culture in the profession of internal auditing, and is necessary and appropriate for the profession, founded as it is on the trust placed in its objective assurance about risk management, control, and governance. The Code of Ethics provides guidance to internal auditors and in essence, it sets out the rules of conduct that

describe behavioural norms expected of internal auditors and are intended to guide their ethical conduct. The Code of Ethics applies to both individuals and the entities that provide internal auditing services.

The clear indication from this EQA is that Assurance Lincolnshire conforms to the Code of Ethics, and this is embedded in their Pentana audit management application and their audit methodologies. Conformance to the code of ethics is part of their overarching culture and underpins the way the Partnership operates.

5.4 **Attribute Standard 1000 – Purpose, Authority and Responsibility**

The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing). The internal audit charter must be reviewed regularly and presented to senior management and the audit panel for approval.

The Assurance Lincolnshire Partnership has a standard format for the audit charter used at its clients. We reviewed this document and the processes used to present it to the various Audit Committees for approval and found the audit charter to be a comprehensive and well written document that contained all the elements required by the standards. We note that due to the COVID-19 pandemic, the audit charter does not appear to have been presented to all client audit committees since 2019. Whilst this is understandable given the unique circumstances encountered because of the pandemic, the Partnership is returning to a business-as-usual model and as such should return to presenting the charter to the audit committees on an annual basis. We are satisfied that the Assurance Lincolnshire Partnership conforms to attribute standard 1000 and the LGAN although there is one minor action in section nine relating to this standard. **(Paragraph 9.2)**

5.5 **Attribute Standard 1100 – Independence and Objectivity**

Standard 1100 states that the internal audit activity must be independent, and internal auditors must be objective in performing their work.

The need for independence and objectivity is an integral part of Assurance Lincolnshire's culture. The Head of Internal Audit and Risk Management for LCC and the Audit Manager for COL report in their own name and directly to senior management and the Audit Committees at their respective clients. All Assurance Lincolnshire employees sign a declaration of interest each year and declare any potential impairment to their independence or objectivity. The Head of Internal Audit and Risk Management for LCC has direct responsibility for the strategic and operational management for some functions that are subjected to periodic internal audits. This potential impairment to independence is disclosed in the Audit Charter and there are mechanisms in place to preserve the independence and objectivity of the Partnership.

We have reviewed the Assurance Lincolnshire audit practice notes (audit manual), their standard documentation, quality assurance and improvement plans, their audit charters and annual reports and opinions, and a sample of completed audit files, together with their reporting lines and their positioning in the organisations they work with. We are satisfied that Assurance Lincolnshire conforms with attribute standard 1100 and the LGAN.

5.6 **Attribute Standard 1200 – Proficiency and Due Professional Care**

Attribute standard 1200 requires Internal Audit Service's engagements are performed with proficiency and due professional care, having regard to the skills and qualifications of the staff, and how they apply their knowledge in practice.

It is evident from this EQA that Assurance Lincolnshire has a professional and experienced workforce, the majority of which hold relevant professional qualifications. All the senior managers in the Partnership hold relevant professional qualifications.

The Assurance Lincolnshire Partnership operates on a commercial basis by providing internal audit services to several external clients as well as to the County Council and the City of Lincoln. The Partnership is a well-respected, professional, and commercially focused operation, and although it is a successful business, it needs to look to the future and develop its operations to remain a sustainable operation and maintain its standing with its clients. There are a few operational enhancements that management are already aware of and discussed with the assessor during the EQA.

The first of these is around the structure of the Partnership and in particular the managerial layers. It was apparent from the discussions that we had with the team members, all of the current management layers from the Head of Internal Audit and Risk Management down to the Principal Auditors are stretched and struggle to fulfil some of their duties in a timely manner. During the last two years there has been difficulty in attracting and retaining staff – a national problem – but this has put pressure on the Partnership in terms of resource planning and finding it difficult to have sufficient time to develop and enhance the Partnership – the focus being on delivery and adapting to new ways of working as a result of the pandemic. We are aware that the Partnership are considering changes to the structure of the Partnership at LCC to increase managerial capacity, including moving the Head of Internal Audit and Risk Management post back to a full-time post once the current post holder retires, and supplementing the managerial team with a dedicated performance and development officer post. It is our view that these proposals make sound business and operational sense although as there is little if any spare capacity in the Partnership's budget, they will need to secure additional funding for the posts.

Assurance Lincolnshire are continually looking for opportunities to develop their services and they have identified that there are opportunities to expand and develop the digital services that they can offer their clients. There are two key elements to their vision. The first is around making greater use of technology during audits and this would take the form of making greater use of data analytics and interrogation software. The Partnership already has the latest version of the IDEA data analytics software application which is used for some of the audits where there are large volumes of data. However, to make greater use of this they will need to train more team members in its use.

The second strand of their vision is to expand the range of specialist IT audits that can be undertaken by the in-house team rather than relying on expensive specialist external IT auditors. The Partnership already has expertise in-house, but this needs to be developed further by either recruiting additional qualified IT auditors, or by training existing members of the Team to obtain relevant IT audit qualifications, such as the Certified Information Systems Auditor (CISA) qualification. It is our view that both development strands make sound business sense and will help future proof the Partnership.

From discussions with the Head of Internal Audit and Risk Management it is evident that the Assurance Lincolnshire Partnership are, like many internal audit services around the country, struggling to fill vacant posts in its structure, largely due to the dire national shortage of qualified and experienced internal auditors and finance professionals wanting to work in the public sector. Whilst there is no quick solution to resolving this issue, other than perhaps lowering the experience criteria for some posts to see if that attracts more candidates with relevant qualifications to apply, a longer-term solution would be to consider introducing career graded trainee or apprentice posts to the Partnership's structure for LCC and for the CofL. Staff would follow one of the recognised training or apprenticeship programmes, such as the

Accounting Technicians or the Institute of Internal Auditors Apprenticeship schemes, or the CIPFA graduate training programme.

It is evident from this review that Assurance Lincolnshire's employees perform their duties with due professional care. We are satisfied that the Assurance Lincolnshire Partnership complies with attribute standard 1200 and the LGAN. There are however four development opportunities for management to consider and these are set out in section nine of this report. **(Paragraphs 9.3 to 9.6).**

5.7 **Attribute Standard 1300 – Quality Assurance and Improvement Programmes**

This standard requires the Chief Audit Executive to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.

The Assurance Lincolnshire Partnership has developed a robust and effective quality assurance process that ensures engagements are performed to a high standard within the available resources. It is effective and feeds into their quality assurance and improvement programme. We have examined this process during the EQA and are satisfied that Assurance Lincolnshire conforms to attribute standard 1300 and the LGAN.

5.8 **Performance Standard 2000 – Managing the Internal Audit Activity**

The remit of this standard is wide and requires the Chief audit executive to manage the internal audit activity effectively to ensure it adds value to its clients. Value is added to a client and its stakeholders when internal audit considers their strategies, objectives, and risks; strives to offer ways to enhance their governance, risk management, and control processes; and objectively provides relevant assurance to them. To achieve this, the Chief Audit Executive must produce an audit plan for each client and communicate this and internal audit's resource requirements, including the impact of resource limitations, to senior management and the Audit Committees at each client for their review and approval. The Chief Audit Executive must ensure that internal audit's resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

The standard also requires the Chief Audit Executive to establish policies and procedures to guide the internal audit activity, and to share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.

Last, but by no means least, the standard requires the Chief Audit Executive to report periodically to senior management and the Audit Committees on internal audit's activities, purpose, authority, responsibility, and performance relative to its plan, and on its conformance with the Code of Ethics and the Standards. Reporting must also include significant risk and control issues, including fraud risks, governance issues and other matters that require the attention of senior management and/or the audit panels.

Assurance Lincolnshire has a comprehensive set of audit practice notes (audit manual), supervision, and quality assurance processes in place that meet the requirements of the PSIAS. They have developed an innovative comprehensive combined assurance model that underpins the audit planning processes by taking into consideration the client's risks, objectives and risk management, and governance frameworks; other relevant and reliable sources of assurance; any key issues identified by the client's managers; Assurance Lincolnshire's own risk and audit needs assessments; and the resources that are available to undertake the audits. From this information, they produce risk-based audit plans that are designed to enhance the client's risk management and governance frameworks and control

processes; and objectively provide them with relevant assurance. These audit plans are reviewed and approved by the senior management and the Audit Committees at Assurance Lincolnshire respective clients.

Details of the completed audits and the risk and control issues found, together with the progress being made on delivering the audit plans and the performance of Assurance Lincolnshire, are regularly reported to the respective Audit Committees, with an annual report and opinion for each client being issued at the end of the year.

The clear indication from this EQA is that Assurance Lincolnshire is effectively managed and conforms to standard 2000 and the LGAN.

5.9 **Performance Standard 2100 – Nature of Work**

Standard 2100 covers the way the internal audit activity evaluates and contributes to the improvement of the organisation's risk management and governance framework and internal control processes, using a systematic, disciplined and risk-based approach.

This is the approach adopted by Assurance Lincolnshire and is set out in their audit practice notes, the Pentana audit management system, and their working methodologies. During this EQA, we selected a sample of completed audit engagements from the Partnership's clients and examined them to see if they conformed to standard 2100 and the Service's own methodologies. We found that the sample audits complied with both.

Internal audit's credibility and value is enhanced when auditors are proactive, and their evaluations offer new insights and consider future impact on the organisation. Overall Assurance Lincolnshire's clients value the work they do in this area and often turn to them for advice and guidance when faced with emerging risks or when they are developing or changing systems.

The clear indication from this EQA is that the Assurance Lincolnshire Partnership conforms to performance standard 2100 and the LGAN.

5.10 **Performance Standard 2200 – Engagement Planning**

Performance standard 2200 requires internal auditors to develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. The plan must consider the organisation's strategies, objectives, and risks relevant to the engagement.

As mentioned above, Assurance Lincolnshire have comprehensive audit practice notes, supervision and quality assurance processes in place that cover engagement planning in detail and meet the requirements of the PSIAS. During this EQA, we selected a sample of completed audit engagements, and examined them to see if they conformed to standard 2200. We found that they all conformed to the standards and the Partnership's own audit procedures and methodologies, and therefore we conclude that the Assurance Lincolnshire Partnership conforms to performance standard 2200 and the LGAN.

5.11 **Performance Standard 2300 – Performing the Engagement**

Performance standard 2300 seeks to confirm that internal auditors analyse, evaluate and document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions, and that all engagements are properly supervised.

Assurance Lincolnshire's audit practice notes, methodologies, supervision and quality assurance processes all fulfil the requirements of the standards and our examination of a sample of completed audit engagements confirmed that the Partnership adopts a consistent approach to the way audits are undertaken and managed, with all of the sample audits conforming to the standards and the Partnership's own

procedures. We therefore conclude that the Assurance Lincolnshire Partnership conforms to performance standard 2300 and the LGAN.

5.12 **Performance Standard 2400 – Communicating Results**

This standard requires internal auditors to communicate the results of engagements to clients and sets out what should be included in each audit report, as well as the annual report and opinion. When an overall opinion is issued, it must take into account the strategies, objectives and risks of the clients and the expectations of their senior management, the audit panels and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information. Where an internal audit function is deemed to conform to the PSIAS, reports should indicate this by including the phrase "conducted in conformance with the International Standards for the Professional Practice of Internal Auditing".

The communication of engagement results are covered in detail in the Partnership's procedures and these fulfil the requirements of the PSIAS. We selected a sample of completed audit engagements and found that they all conformed to the standards and the Partnership's own procedures.

We have also reviewed the progress and annual reports to the Audit Committees and found that overall, these also conformed to the standards and Assurance Lincolnshire's own internal procedures.

We therefore conclude that the Assurance Lincolnshire Partnership conforms to performance standard 2400.

5.13 **Performance Standard 2500 – Monitoring Progress**

There is a comprehensive follow-up process in place which monitors the client's progress towards the implementation of agreed actions. The results of follow-up reviews are reported to the respective Audit Committees. From this EQA, it is evident that the Assurance Lincolnshire Partnership conforms to performance standard 2500 and the LGAN.

5.14 **Performance Standard 2600 – Communicating the Acceptance of Risk**

Standard 2600 considers the arrangements which should apply if either the Head of Audit and Risk Management (LCC) or the Audit Manager (CofL) has concluded that a client's management has accepted a level of risk that may be unacceptable to the organisation. Situations of this kind are expected to be rare, consequently, we did not see any during this EQA. From this external quality assessment, it is evident that the Assurance Lincolnshire Partnership conforms to performance standard 2600 and the LGAN.

6. Areas of partial conformance with the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note

6.1 There are no areas of partial conformance with the Public Sector Internal Audit Standards.

7. Areas of non-conformance with the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note

7.1 There are no areas of non-conformance with the Public Sector Internal Audit Standards.

8. Survey results

8.1 Overall, the results of the survey of key stakeholders from Assurance Lincolnshire's clients were positive with respondents valuing the services provided by the Partnership. A total of 19 surveys were received by the assessor. The overall number of negative responses were very low ranging from zero for most questions to a

maximum of two on any given question. We have shared the summary report from the survey with the Head of Internal Audit and Risk Management and Audit Manager as they may wish to explore some of the responses in further detail to understand if there are any underlying issues that the Partnership may need to address.

9. Issues for management consideration

- 9.1 We have assessed the Assurance Lincolnshire Partnership as conforming to the PSIAS and the LGAN. There is one action and four enhancements to the Partnership that the Head of Audit and Risk Management (LCC) and the Audit Manager (CofL) should consider.
- 9.2 At the time of the EQA, the audit charter had not been presented to the LCC audit committee since 2019. Whilst this is understandable given the unique circumstances encountered because of the pandemic, the Partnership is now returning to a business-as-usual model and as such should return to presenting the audit charters to the respective audit committees on an annual basis.
- 9.3 We are aware that the Partnership's management are considering changes to the structure of the Partnership at LCC to increase its managerial capacity. The changes include moving the Head of Internal Audit and Risk Management post back to a full-time post (once the current post holder retires) and supplementing the managerial team with a dedicated performance and development officer post to support management as they develop and future proof the Partnership. It is our view that these proposals make sound business and operational sense although there are cost implications that will need to be taken into consideration.
- 9.4 The Partnership should consider making greater use of technology during audits by expanding the use of data analytics and interrogation software applications. The Partnership already has the latest version of the IDEA data analytics software application which is used for some audits where there are large volumes of data to interrogate and test. However, to achieve this objective and make greater use of the IDEA application, more team members will need to be trained in its use.
- 9.5 The Partnership already has some IT audit expertise as part of the in-house team but needs to supplement this by buying in specialist IT audit services from a range of external providers. IT audit is a specialist area of internal audit that requires suitably qualified and experienced auditors and there is a limited supply of good quality IT auditors, and these are always in demand. Consequently, organisations that provide these services can and do levy a premium on their charge out rates. To reduce the Partnership's reliance on expensive specialist external IT auditors, and to expand the range of services on offer to existing and potential clients, the Partnership should consider expanding the number of specialist IT auditors in the in-house team. This could be achieved by either recruiting additional qualified IT auditors, which may be difficult given the demand for these skills, or more likely by training existing members of the Partnership to become IT auditors and obtain a relevant IT audit qualification, such as the Certified Information Systems Auditor (CISA) qualification.
- 9.6 The Partnership is, like much of the public sector, experiencing problems recruiting suitably experienced and qualified staff to fill vacant posts. This is an issue for many internal audit services, many of which have an ageing workforce that are likely to retire during the next decade. These factors will undoubtedly have an adverse impact on the sustainability of the Partnership. Whilst there is no quick solution to resolving this issue, other than lowering the experience criteria when trying to recruit to vacant posts, a longer-term and more sustainable solution is to consider introducing career graded trainee or apprentice posts to the Partnership's structure, both at the County Council and at the City of Lincoln.

There are two options to consider with this suggestion. The first is to consider recruiting graduate trainees and putting them through a relevant training

programme to obtain a full accountancy qualification, for example the CIPFA graduate training programme.

The second option is to recruit school or FE college leavers who would then follow one of the recognised apprenticeship programmes, such as the Accounting Technician or the Institute of Internal Auditors' Apprenticeship schemes. This option is likely to attract good quality candidates that want to move into higher education but are perhaps worried about the level of debt they would incur if they opted to go to university.

There are cost implications for both options and graduate trainees tend to command a higher starting salary than apprentices. There are also resource implications to consider as any training programme will need to be developed and managed, and all trainees require additional levels of supervision, particularly in the early part of their employment.

10. Definitions

Fully Conforms	The internal audit service complies with the standards with only minor deviations. The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.
Partially Conforms	The internal audit service falls short of achieving some elements of good practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit and conformance to the standards.
Does Not Conform	The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the elements of the standards. These deficiencies will usually have a significant adverse impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the board.

Action Priorities	Criteria
High priority	The internal audit service needs to rectify a significant issue of non-conformance with the standards. Remedial action to resolve the issue should be taken urgently.
Medium priority	The internal audit service needs to rectify a moderate issue of conformance with the standards. Remedial action to resolve the issue should be taken, ideally within six months.
Low priority	The internal audit service should consider rectifying a minor issue of conformance with the standards. Remedial action to resolve the issue should be considered but the issue is not urgent.
Advisory	These are issues identified during the EQA that do not adversely impact the service's conformance with the standards. Typically, they include areas of enhancement to existing operations and the adoption of best practice.

The co-operation of the Head of Internal Audit and Risk Management (LCC), the Audit Manager (CofL), and other members of the Partnership in providing the information requested for this EQA, is greatly appreciated. Our thanks also go to the chairs of Audit Committees and the key stakeholders that made themselves available for interview during the EQA process and/or completed questionnaires.

Ray Gard, CPFA, FCCA, FCIIA, DMS

4th May 2022

This report has been prepared by CIPFA at the request of the Assurance Lincolnshire Partnership, the terms for the preparation and scope of the report have been agreed with them. The matters raised are only those that came to our attention during our work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, we have only been able to base findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the issues that exist with their conformance to the Public Sector Internal Audit Standards that exist, or of all the improvements that may be required.

The report was prepared solely for the use and benefit of the Assurance Lincolnshire Partnership, including the senior management and boards of the Partnership's clients, and to the fullest extent permitted by law, CIPFA accepts no responsibility and disclaims all liability to any other third party who purports to use or rely, for any reason whatsoever on the report, its contents, conclusions, any extract, and/or re-interpretation of its contents. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, re-interpretation, amendment and/or modification by any third party is entirely at their own risk.

Management action plan

1. Present the audit charter to the respective audit committees annually (Low priority)	
Rationale	Agreed Action
The audit charter does not appear to have been presented to the LCC audit committee since 2019. Whilst this is understandable given the unique circumstances encountered because of the pandemic, the Partnership is now returning to a business-as-usual model and as such should return to presenting the audit charters to the respective audit committees on an annual basis.	Completed for LCC in March 2022. We will ensure that the Charter is presented to all client Audit Committees as a background paper in 2022/23 as part of the Internal Audit Plan approval.
Action Responsibility	Audit Managers
Deadline	31st March 2023

2. Consider increasing management capacity at the County Council element of the Partnership (Advisory)	
Rationale	Agreed Action
<p>We are aware that the Partnership's management are considering changes to the structure of the Partnership at LCC to increase its managerial capacity. The changes include moving the Head of Internal Audit and Risk Management post back to a full-time post (once the current post holder retires) and increasing the Management Team to support Quality Assurance and Workforce Development. Supplementing the managerial team with a dedicated performance and development officer post to support management as they develop and future proof the Partnership. It is our view that these proposals make sound business and operational sense although there are cost implications that will need to be taken into consideration.</p>	<p>Working within approved budget to implement changes to the structure by:</p> <ul style="list-style-type: none"> • submitting budget development / pressure bid to support transition as we grow our own talent, succession plan and build resilience. • increasing management capacity whose focus will be on Quality Assurance and Workforce Development across the Partnership. • Working with LCC Finance Team to develop graduate scheme – building on existing apprenticeship programme. • Establish IT Auditor posts within structure. • Establish Performance & Development post within structure.
Action Responsibility	Head of Audit and Risk Management
Deadline	30th September 2022

3. Consider increasing the use of data analytics during audits (Advisory)	
Rationale	Agreed Action
<p>The Partnership should consider making greater use of technology during audits by expanding the use of data analytics and interrogation software applications. The Partnership already has the latest version of the IDEA data analytics software application which is used for some of audits where there are large volumes of data to interrogate and test. However, to achieve this objective and make greater use of the IDEA application, more team members will need to be trained in its use. There may be cost implications for this action particularly if external trainers are used.</p>	<p>Approve Digital Strategy for service – aligning to corporate digital strategy and Service Business Plan Objectives for 2022/23 and beyond. This includes better use of data and data analytics as part of our assurance work.</p> <p>Refresher training in IT Audit and use of data analytics.</p>
Action Responsibility	Audit Managers
Deadline	31st March 2023

4. Consider increasing the in-house IT audit capacity (Advisory)	
Rationale	Agreed Action
<p>The Partnership already has some IT audit expertise as part of the in-house team but needs to supplement this by buying in specialist IT audit services from a range of external providers. IT audit is a specialist area of internal audit that requires suitably qualified and experienced auditors and there is a limited supply of good quality IT auditors, and these are always in demand. Consequently, organisations that provide these services can and do levy a premium on their charge out rates. To reduce the Partnership's reliance on expensive specialist external IT auditors, and to expand the range of services on offered to existing and potential clients, the Partnership should consider expanding the number of specialist IT auditors in the in-house team. This could be achieved by either recruiting additional qualified IT auditors, which may be difficult given the demand for these skills, or more likely by training existing members of the Partnership to become IT auditors and obtain a relevant IT audit qualification, such as the Certified Information Systems Auditor (CISA) qualification.</p>	<p>IT Audit post to be established.</p> <p>Continuing professional development discussed and agreed with each team member as part of the appraisal process.</p> <p>Enhancing IT capabilities within existing team will be considered as part of these discussions – forming part of the training and development plan for the Partnership.</p>
Action Responsibility	<p>IT Post = Head of Internal Audit & Risk Management.</p> <p>Continuing professional development = Audit Managers</p>
Deadline	30th September 2023

5. Consider potential strategies to address recruitment issues (Advisory)	
Rationale	Agreed Action
<p>The Partnership is, like much of the public sector, experiencing problems recruiting suitably experienced and qualified staff to fill vacant posts. This is an issue for many internal audit services, many of which have an aging workforce that are likely to retire during the next decade. These factors will undoubtedly have an adverse impact on the sustainability of the Partnership. Whilst there is no quick solution to resolving this issue, other than lowering the experience criteria when trying to recruit to vacant posts, a longer-term and more sustainable solution is to consider introducing career graded trainee or apprentice posts to the Partnership's structure, both at the County Council and at the City of Lincoln.</p> <p>There are two options to consider with this suggestion. The first is to consider recruiting graduate trainees and putting them through a relevant training programme to obtain a full accountancy qualification, for example the CIPFA graduate training programme.</p> <p>The second option is to recruit school or FE college leavers who would then follow one of the recognised apprenticeship programmes, such as the Accounting Technician's or the Institute of Internal Auditors' Apprenticeship schemes. This option is likely to attract good quality candidates that want to move into higher education but are perhaps worried about the level of debt they would incur if they opted to go to university.</p> <p>There are cost implications for both options and graduate trainees tend to command a higher starting salary than apprentices. There are also resource implications to consider as any training programme will need to be developed and managed, and all trainees require additional levels of supervision, particularly in the early days of their employment.</p>	<p>Workforce strategy already in place which include career grade – paused during pandemic but now being reset with some success already.</p> <ul style="list-style-type: none"> • Recruited 3 Audit Officers who will be undertaking IIA apprenticeships with career path to Senior Auditor. • CIPFA/IIA graduate scheme agreed with Director of Resources. To be implemented during 2022. • Renew Professional Practice Year with Universities • Set up new entrant apprenticeship for school and care leavers – moving to IIA Level 4 Apprenticeship (Audit Officer / Senior Auditor).
Action Responsibility	Head of Internal Audit & Risk Management & Audit Manager.
Deadline	30th September 2022

Opportunities for Improvement	Actions	Timescale for tasks to be achieved	Person Responsible	Status	
Governance					
1.	<p>Service Review</p> <p>EQA – 2022 Consider increasing management capacity at the County Council element of the Partnership (Advisory)</p> <p>Consider increasing the in-house IT audit capacity (Advisory)</p> <p>Consider potential strategies to address recruitment issues (Advisory)</p>	<p>Review structure and resources to ensure future proofed beyond 2023 – link to Corporate and Business Plans</p> <p>Working within approved budget to implement changes to the structure by:</p> <ul style="list-style-type: none"> • Submitting budget development / pressure bid to support transition as we grow our own talent, succession plan and build resilience. • Increasing management capacity whose focus will be on Quality Assurance and Workforce Development across the Partnership. • Working with LCC Finance Team to develop graduate scheme – building on existing apprenticeship programme. • Establish IT Auditor posts within structure. • Establish Performance & Development post within structure. <p>Workforce strategy already in place which include career grade – paused during pandemic but now being reset with some success already.</p> <ul style="list-style-type: none"> • Recruited 3 Audit Officers who will be undertaking IIA apprenticeships with career path to Senior Auditor. • CIPFA/IIA graduate scheme agreed with Director of Resources. To be implemented during 2022. • Renew Professional Practice Year with Universities • Set up new entrant apprenticeship for school and care leavers – moving to IIA Level 4 Apprenticeship (Audit Officer / Senior Auditor) 	July 2022	Head of Internal Audit & RM	In Progress

Opportunities for Improvement		Actions	Timescale for tasks to be achieved	Person Responsible	Status
2.	Roles and Responsibilities and Accountability	Embed Organisational Development work – using disc reports data. Promoting distributed leadership and accountability in role / remit.	April 2022 onwards	Leadership Team	Ongoing
3.	CfGS – Governance Risk Resilience framework and lessons learnt re public interest reports	Roll out health check across clients – health check. Engage in Leadership and Culture work at LCC.	March 2023	Audit Managers	Ongoing – LCC and Strategic Alliance completed.
4.	Audit Committee Handbook	Development of plain English guidance to members following publication of CIPFA Audit Committee practical guidance.	November 2022	Head of Internal Audit & RM	Part developed – update once CIPFA Audit Committee guidance issued in 2022.
5.	Records Management	Review and streamline records Management in light of records mgt policy and use of sharepoint	April 2022	Leadership Team	Started
6.	Digital Strategy EQA - 2022 Consider increasing the use of data analytics during audits (Advisory)	Embed digital first mindset and new digital strategy in the service Approve Digital Strategy for service – aligning to corporate digital strategy and Service Business Plan Objectives for 2022/23 and beyond. This includes better use of data and data analytics as part of our assurance work.	May 2022 onwards	Leadership Team	Draft digital strategy shared and will consider on strategy day 28.2.22

Opportunities for Improvement		Actions	Timescale for tasks to be achieved	Person Responsible	Status
Practice					
7.	Audit Process – review in light of remote working	Continue to monitor actions from this plan to ensure that improvements are delivered and sustained.	June 2022	Audit Managers & Principal Group	Started – need to review current arrangements
8.	Commission Internal Audits in Risk – Insurance – Counter Fraud	Arrange reviews during 2022/23	By March 2023	Head of Internal Audit & RM	Risk done
9.	VfM Auditing	Review project benefit realisation in LCC & District plans as appropriate	2022/23	Audit Managers	To be included in audit plans
10.	Agile Assurance	Review current arrangements in line with best practice	March 2023	Head of Internal Audit & RM	Research and best practice information gathered
11.	Dynamic planning	Trial the use of dynamic planning at a district council. Meet to discuss outcomes and adapt process and guidance if necessary	April 2022	Audit Managers	Completed
12.	Use of Pentana	Identify a lead to deliver a project to implement improvements within Pentana <ul style="list-style-type: none"> • Reporting • Deliver automated tracking • Audit records 	March 2023	Project	Not started
13.	Review all document templates in line with new corporate branding and	Set up project team to review and update reporting format.	September 2022	Project	Not started

Opportunities for Improvement		Actions	Timescale for tasks to be achieved	Person Responsible	Status
	formatting	Use of power BI			
14.	Improved performance management processes and reporting	Embed performance monitoring into one to ones with monthly review of productivity. Principals reporting to Managers on a monthly basis and Managers reporting into HOS quarterly	Sept 2022	Audit Managers	New 121 implemented
15.	EQA - 2022 Consider increasing the use of data analytics during audits (Advisory)	Approve Digital Strategy for service – aligning to corporate digital strategy and Service Business Plan Objectives for 2022/23 and beyond. This includes better use of data and data analytics as part of our assurance work. Refresher training in IT Audit and use of data / data analytics Making greater use of technology during audits by expanding the use of data analytics and interrogation software applications.	March 2023	Audit Managers	Not started
Communication					
16.	Consistent team leader briefing across all service functions	Ensure all CARM management information is shared with team. Consider using CARM Leadership email	February 2022	Leadership Team	Issue to be raised at 121's

Continuing Professional Development (Service / Team)				
	Area / Activity	Outcome	Date Planned	Status
1.	IT Audit Awareness / Training General <ul style="list-style-type: none"> • Further guidance on CAAT's required after IdeA upgrade (Greater understanding of Computer Aided Auditing Techniques – benefits and use in determining testing strategies / analysing data	September 2022	Not Started
2.	Internal Audit Practice Updates: <ul style="list-style-type: none"> • CIPFA Audit Summer Update • CIPFA Audit Winter Update 	To develop and keep team up to date with developments and directives in the PS Internal Audit profession	Attendees of events	Shared at Team Meetings
3.	Team Development: <ul style="list-style-type: none"> • Commercialism • Agile Assurance 	To develop and equip the team to be as effective and efficient as possible in their roles.	December 2022 September 2022	On going

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Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Audit Committee
Date:	13 June 2022
Subject:	Corporate and Statutory Annual Complaints Report 2021/22

Summary:

This report provides an analysis of corporate and statutory complaints received by Lincolnshire County Council during the year 2021/2022. A countywide overview will determine any recurring themes across the council and additional analysis per service area will aim to pinpoint any specific areas of work to reduce complaints.

Whilst we strive to reduce levels of dissatisfaction around services being delivered to our customers the significant increase in complaints, we have experienced provides additional data from which we are able to learn and improve. As a result, a renewed focus is to be placed on early resolution of concerns.

Recommendation(s):

Overview and Scrutiny Management Board (OSMB) are requested to acknowledge the findings of the report to enable it to be published externally as required by the Local Government and Social Care Ombudsman (LGSCO).

Background

The Annual Corporate and Statutory complaints report provides an analysis of contacts and complaints received by Lincolnshire County Council during the year 2021/2022.

The countywide overview details any recurring themes across the council and additional analysis is provided for specific service areas pinpointing any specific areas of work to address issues.

The report also provides recommendations as to how services, inclusive of Customer Relations, can be improved.

Conclusion

As restrictions resulting from the pandemic have been eased, services are seeing a return in most areas to pre-pandemic delivery levels. This has had its own challenges. In addition, it is of note that there is an increased focus in respect of the provision of public services, particularly from the media.

Whilst we strive to bring down the dissatisfaction with services being delivered the increase provides additional data from which we can learn and improve. As a result of the figures, and as mentioned in this report, it is vital that a renewed focus be placed by services on the early resolution of concerns.

With difficulties faced during the year in the volume of contacts and complaints, compliance against Key Performance Indicators (KPIs) has seen a steady decline and is now being monitored closely, with a drive to improve this figure. This data is being shared with relevant Heads of Service to achieve the required KPIs.

Consultation

a) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Corporate and Statutory Annual Complaints Report

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 and Statutory Complaint Report 2021/2022	Published on LCC Website

This report was written by Shagofta Noreen, who can be contacted on 01522 843322 or Shagofta.noreen@lincolnshire.gov.uk.

Corporate and Statutory Complaints Annual Report

2021/2022

April 2022

Introduction

This report provides an analysis of corporate and statutory complaints received by Lincolnshire County Council during the year 2021/2022. A countywide overview will determine any recurring themes across the council and additional analysis per service area will aim to pinpoint any specific areas of work.

The report also provides recommendations to the Corporate Leadership Team (CLT) on how services, inclusive of Customer Relations, can be improved. CLT should consider these recommendations, and where possible, how these can be implemented.

Corporate and Statutory Complaints Process

Lincolnshire County Council's corporate and Adults complaints process has two formal stages, with statutory children's complaints having three. When an individual contacts the Customer Relations Team to raise their concerns, early resolution will be attempted in order to address the concerns at first point of contact. These early resolution cases are referred to as contacts within this report.

If early resolution is not possible a contact will then enter the formal process at stage 1. Once a response to this has been provided complainants wishing to escalate their complaint to the next stage must advise the Complaints Manager of the reasons that they remain dissatisfied. For corporate and Adults complaints a further internal investigation is undertaken. Once complete, and a response sent, the complainant may contact the Local Government and Social Care Ombudsman.

For Children's statutory complaints an escalation to stage 2 requires the commissioning of an independent investigator. Their investigation will be overseen by another independent officer and once complete, the council will respond based on their findings. Should a complainant question the findings and councils' response they can request that the investigation be reviewed by an independent panel; this being stage 3 of the statutory process. Once a panel has convened and a response provided the complainant may contact the Local Government and Social Care Ombudsman (LGSCO).

This year has seen decisions from the LGSCO impact the complaints process. As a result of national complaints the LGSCO has advised that Local Authorities must now accept complaints in regards to contracted providers and investigate these as part of its own complaints process.

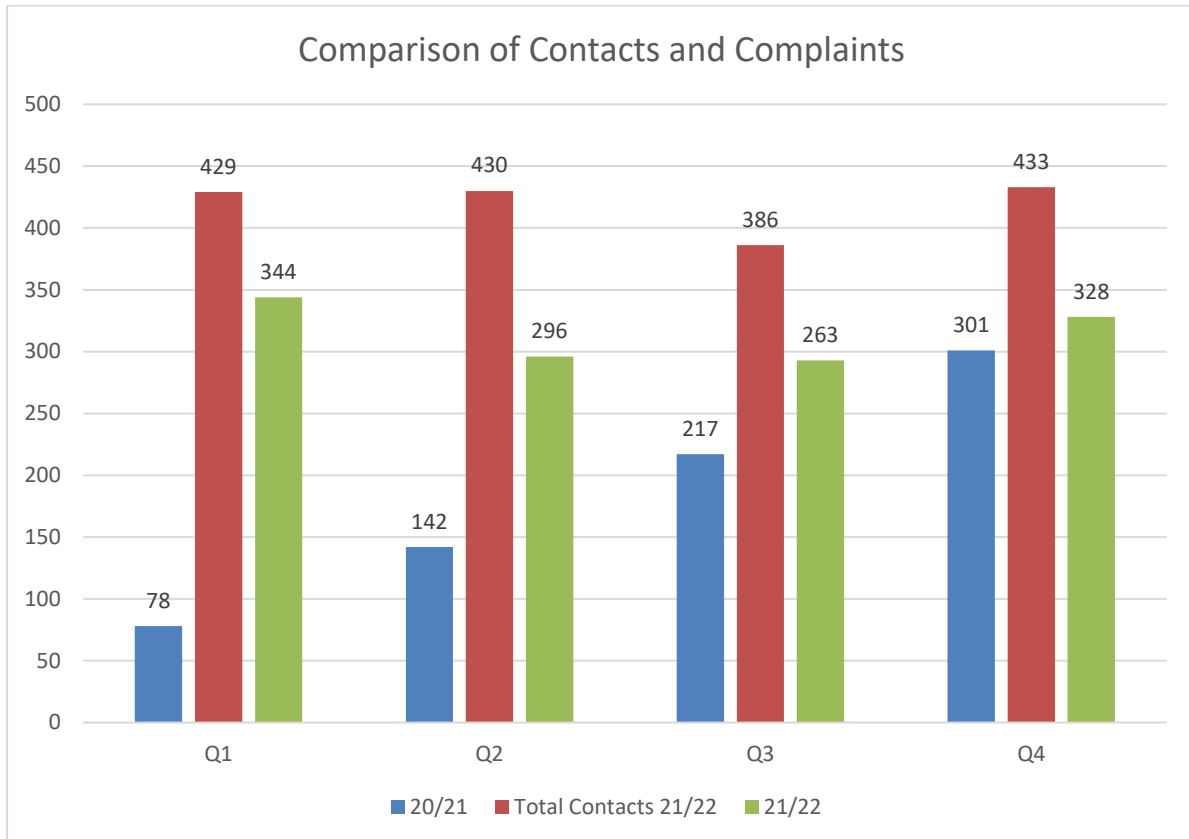
Countywide Overview

21/22 saw 1678 contacts received from the public; to express dissatisfaction with the services they had been provided. Of these 1678 contacts 1231 went on to enter the formal complaints process, with the remaining 447 being resolved to the customers satisfaction, and requiring no further action or investigation, through early resolution. This equated to 26% of all contacts received.

The substantial increase in contacts received from midway of the previous year has not seen a reduction. We are however seeing a variation in the number of contacts being resolved informally to the customers satisfaction, with a drop in the number of cases by 24%. Overall, there was an increase of 26% in the number of contacts received by the authority in comparison to the previous year with an increase of 67% in the number contacts entering the formal complaints process. The

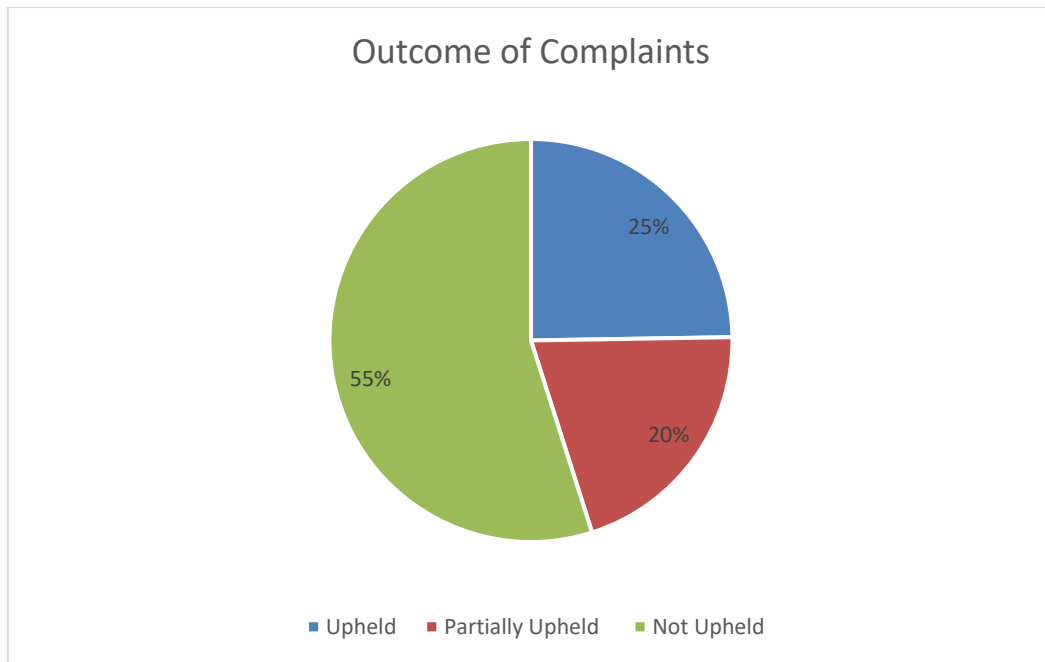
higher volume of contacts could be a contributing factor to the decrease in cases resolved informally. A renewed focus needs to be placed on early resolution of cases.

The following shows the total number of complaints received in 20/21, the number of contacts received in 21/22 and the number of those contacts entering the formal complaints process in 21/22.



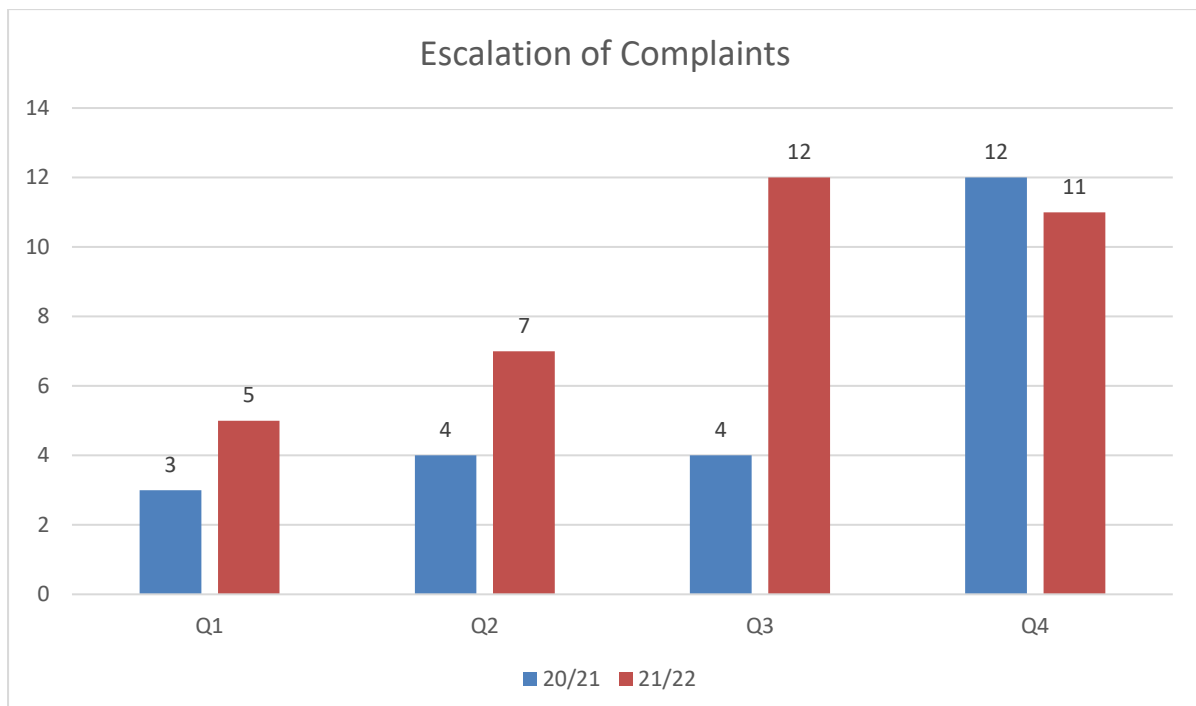
For all services, complaints which have been found to be either fully or partially upheld, have been analysed further to determine if there are any common factors which can be improved for future service provision. It is these cases that are now being used to make recommendations to services on things which require work and improvement.

The following shows the overall outcomes of all formal complaints in 21/22.



In total 301 complaints were upheld throughout the course of the year and 251 were partially upheld. With an increase in the overall number of cases entering the complaints process it is to be expected that the cases in which fault was found would also increase.

21/22 has seen 35 cases escalated to the next stage of the complaints process. Of these 35 cases 1 case is within the Children's statutory complaints process. This case remains open at the time of writing this report. This figure again is an increase in comparison to the previous year, which is also to be expected given the overall increase.



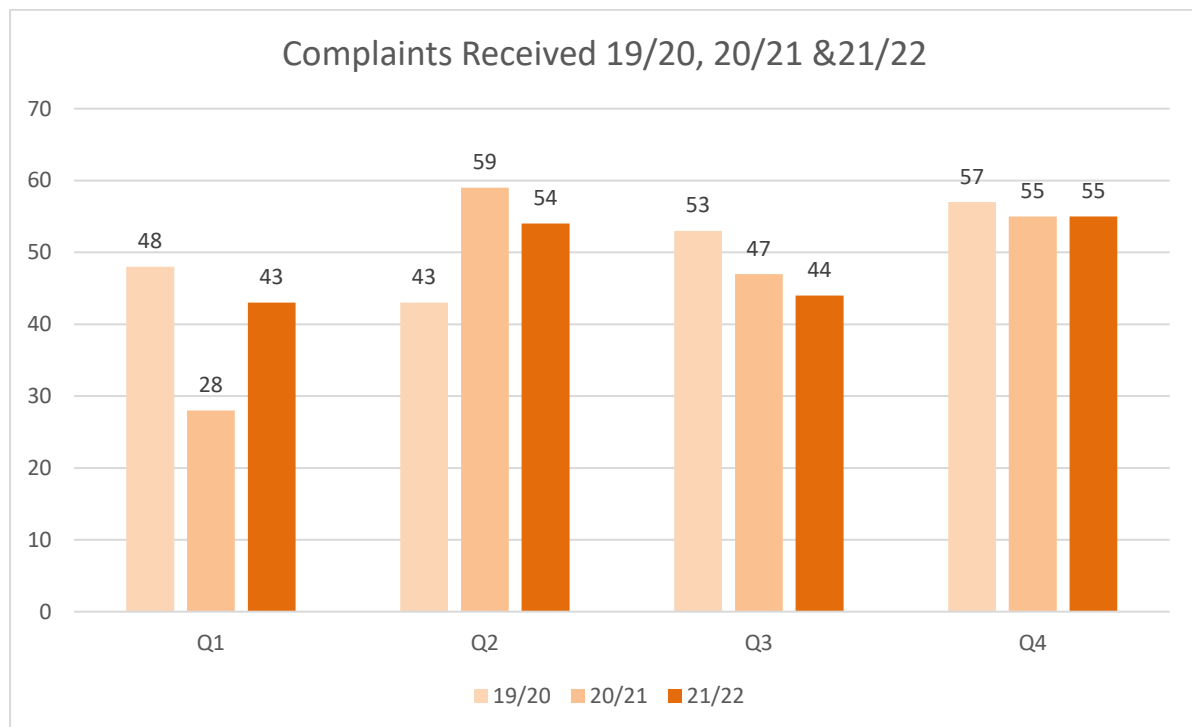
There was an increase seen each quarter with this levelling over the final two quarters. Overall escalated cases increased by 52%. However, given the significant increase in the number of formal complaints, escalated cases overall remain low.

Previously requests for escalation were determined by the originating service area, however this responsibility has now moved to the Complaints Manager to ensure these meet the policy requirements and compliance with LGSCO best practice.

Children's Services

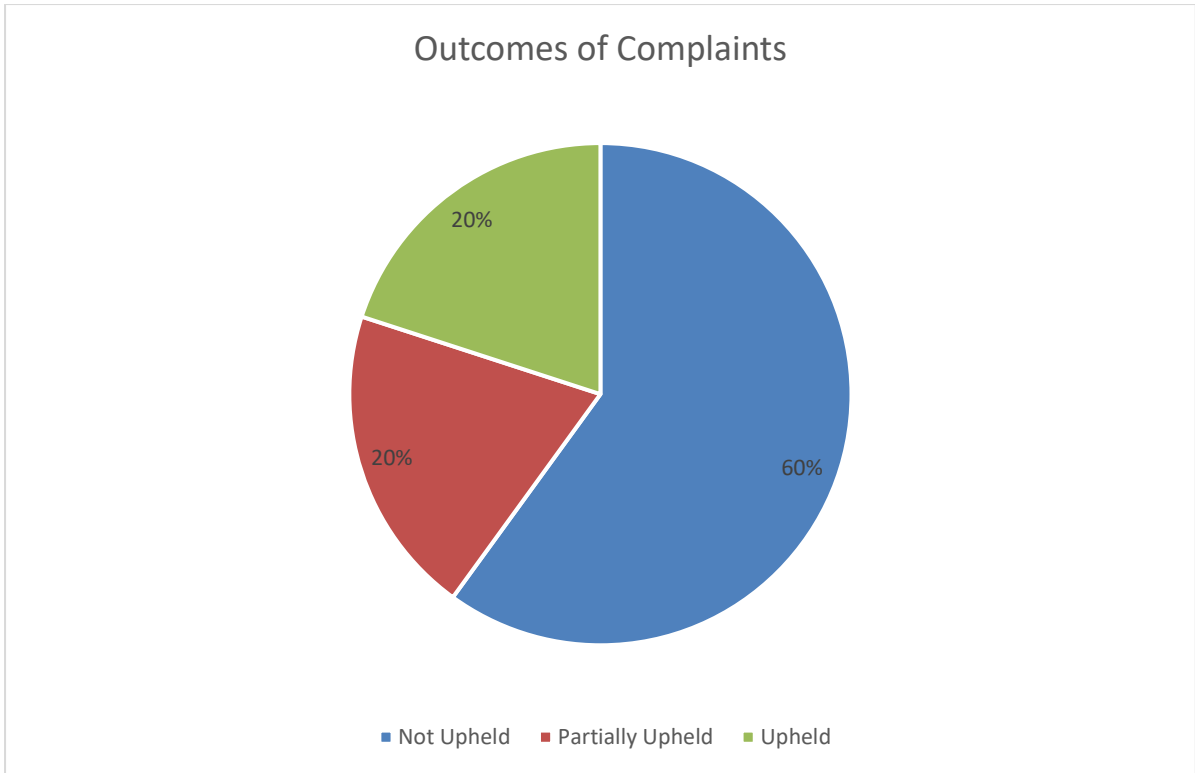
Children’s Services continue to take a remedial approach to its complaints. This has resulted in the area being consistent in the number of cases which were resolved informally in comparison to the previous year.

A total of 257 contacts were received in 21/22 in relation to Children's services, both corporate and statutory, from the public expressing dissatisfaction with the services being provided. Of these 195 entered the formal complaints process. The remaining 62 were resolved early to the satisfaction of the customer. This number accounts for 24% of all contacts received. Overall, the year saw an increase of 3% in the number of cases entering the formal process, consistent with the increase in the number of contacts received. The following shows that comparison of formal complaints received in 19/20, 20/21 and 21/22.

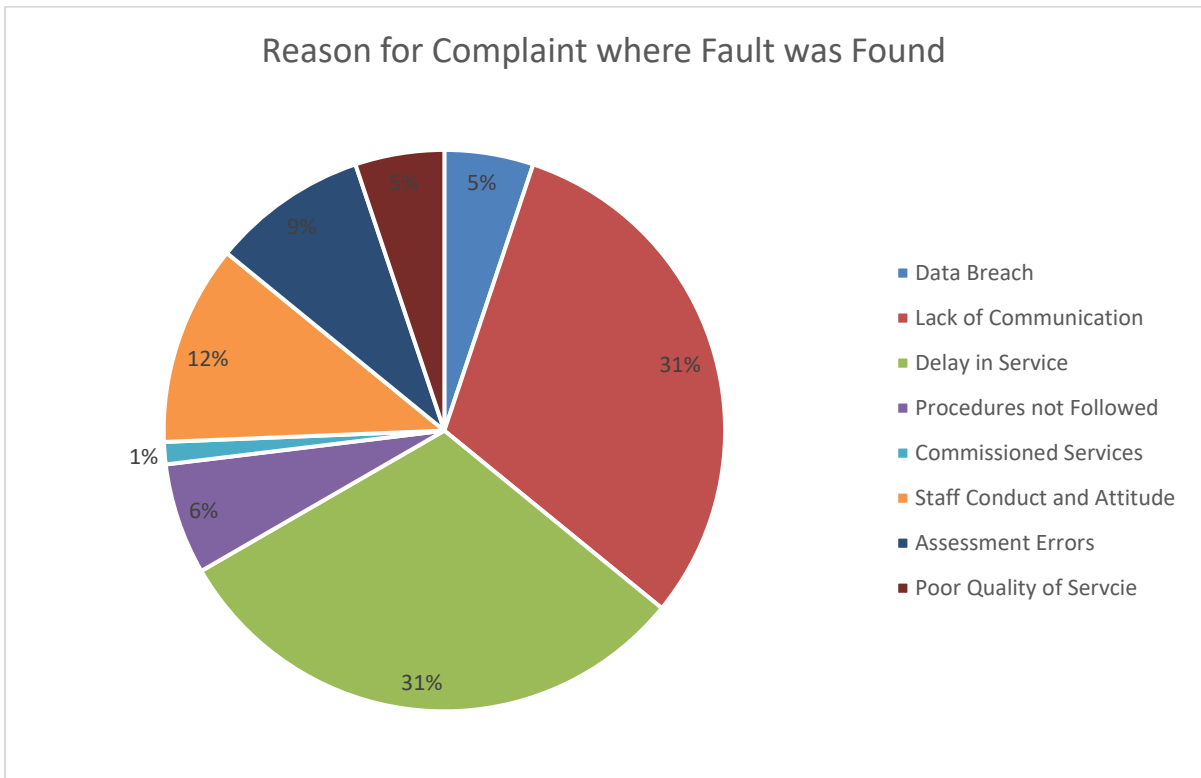


There have been no significant fluctuations in the number of cases, quarter on quarter.

Out of the 195 cases which entered the formal complaints process, 117 cases found no fault in the way in which services were delivered. 39 cases were partially upheld and 39 cases were upheld.



Analysis was undertaken on those complaints partially or fully upheld in order to determine if there were any trends or common factors. The following shows the reasons of all upheld complaints and the aspects of those complaints partially upheld, where fault was found.



Delays in service were seen largely in the first two quarters. This was expected at the time given the national situation at the time. This figure has seen a drop in the last two quarters.

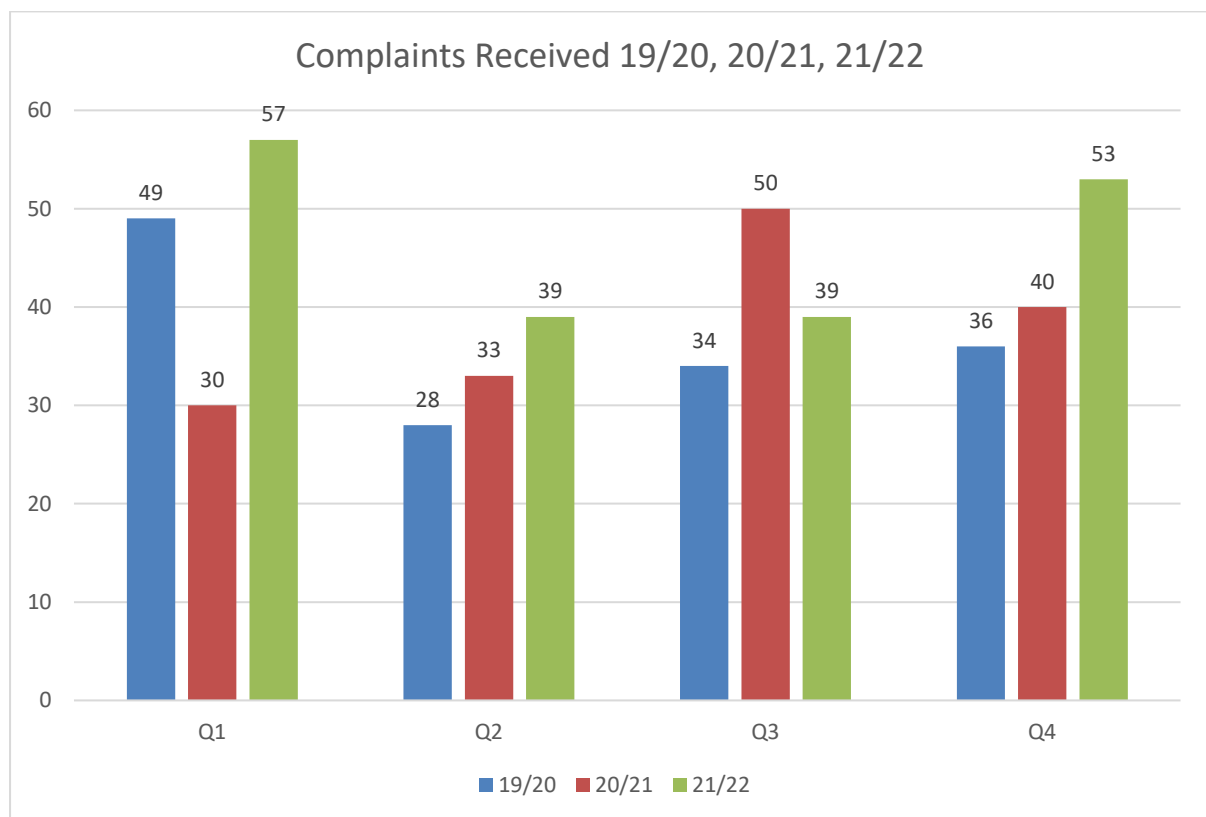
Lack of communication remains one of the largest impacting areas where standards are not being met. This remains an area where improvements are being implemented.

Adults Care & Community Wellbeing

In 21/22 the service saw 234 contacts received from the public to express dissatisfaction with the services delivered. Of these 188 entered the formal complaints process. The remaining 46 were resolved early to the satisfaction of the customer. This number accounts for 20% of all contacts received in the area.

Overall, this service area has seen the lowest increase in comparison to the previous year, with an 11% increase, and has maintained similar numbers in regard to informal resolution of complaints.

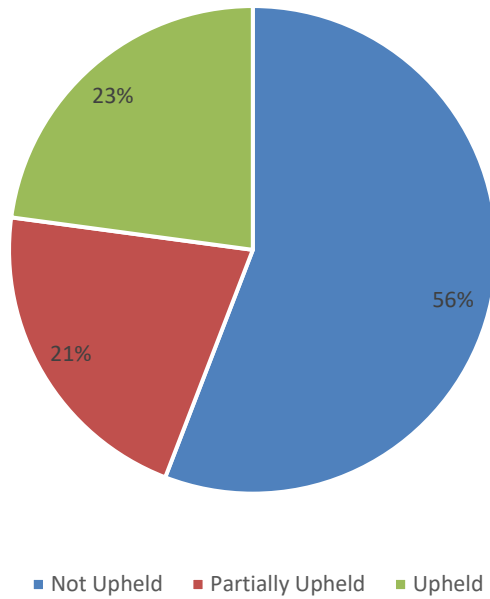
The following shows that comparison of formal complaints received in 19/20, 20/21 and 21/22.



When looking at the outcome of complaints in this area the year saw 43 complaints upheld and 40 complaints partially upheld. The remaining 105 saw no fault in the services which were delivered.

The following shows the outcomes of all complaints in this area.

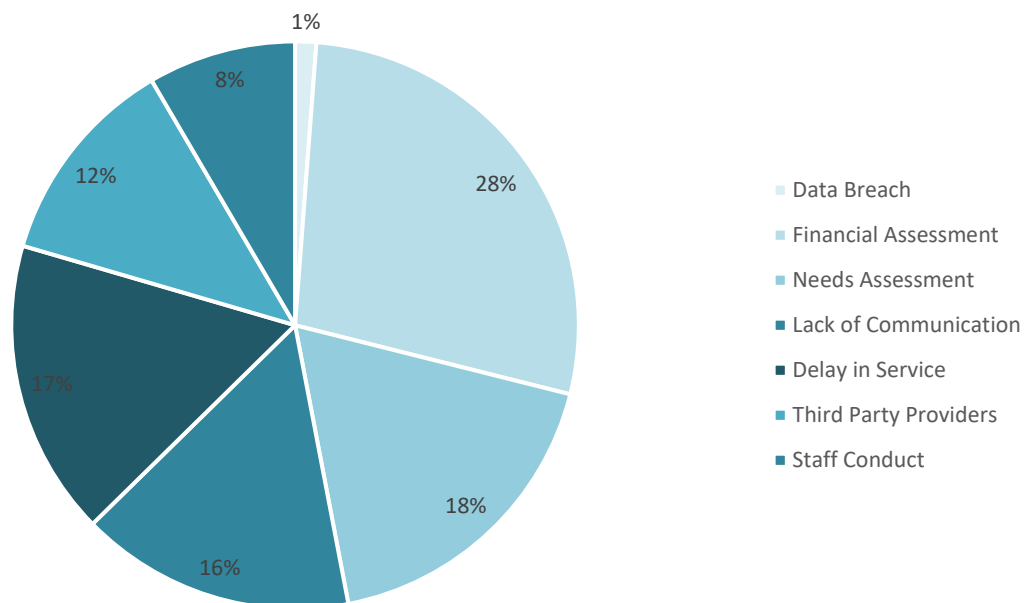
Outcomes of Complaints



Analysis was undertaken on those complaints partially or fully upheld in order to determine if there were any trends or common factors. This data was then provided to relevant staff within the service for additional review and decision on areas of improvement.

The following shows where fault was found in complaints that were upheld and the founded aspects of those complaints partially upheld.

Reasons for Complaint where Fault was Found



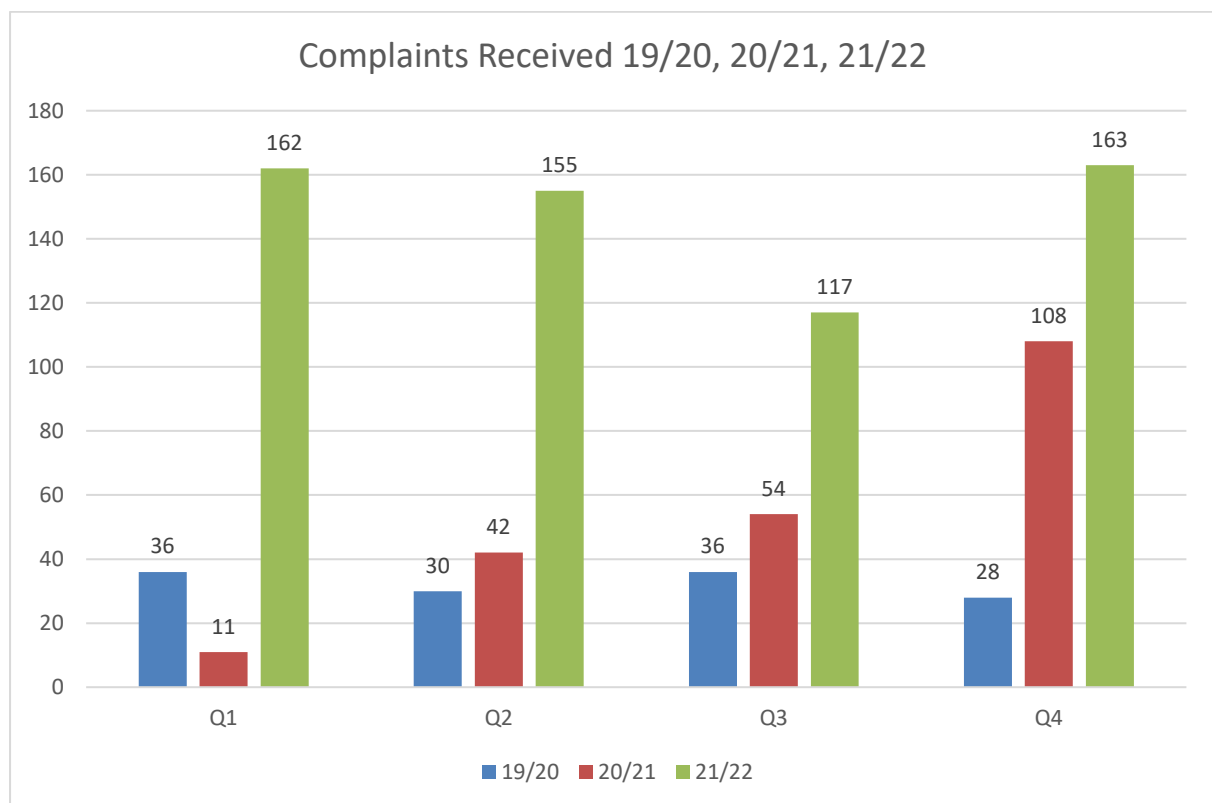
Financial assessments and charges accounts for just under a quarter of all upheld and partially upheld complaints in this area. This matter is already being addressed by the service area with a review of the information it shares with service users and families being completed in order to ensure complete transparency and clearer information.

A lack of communication, delays in service and disagreeing with the outcome of Needs Assessments had similar figures.

Highways and Transport

The year saw 848 contacts received from the public to express dissatisfaction with the services received in this area. Of these 597 entered the formal complaints process over the course of the year. The remaining 251 were resolved early to the satisfaction of the customer. This number accounts for 29% of all contacts received.

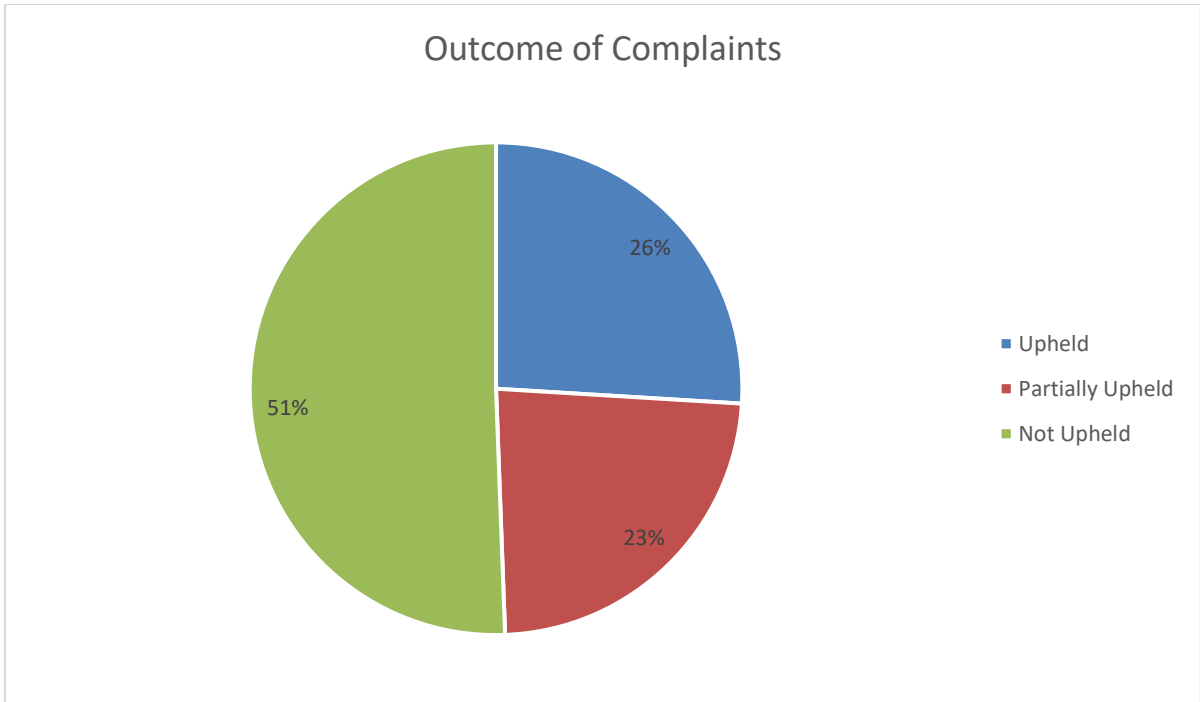
The following shows that comparison of formal complaints received in 19/20, 20/21 and 21/22.



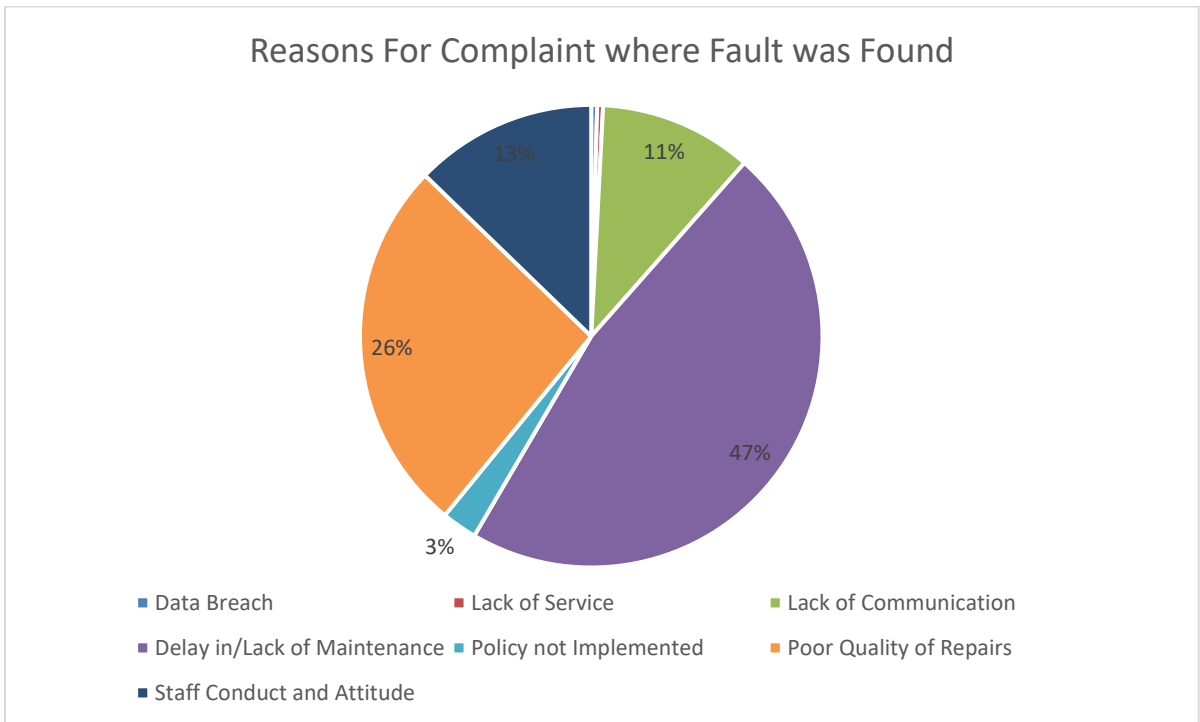
The year has seen the number of cases entering the formal complaints process increase by 179%. A large portion of these cases focused on the condition of roads and repairs required.

Analysis was undertaken on those complaints partially or fully upheld in order to determine if there were any trends or common factors.

The following shows where fault was found in complaints that were upheld and the aspects of those complaints partially upheld.



49% of all cases were either upheld or partially upheld. The following shows a break down for those complaints in which the service was not to the quality or standard expected.



The largest area where fault was found was around delays in/lack of service.

Additionally, there has been an increase in the number of complaints around the quality of work completed with 64 of these cases being upheld or partially upheld.

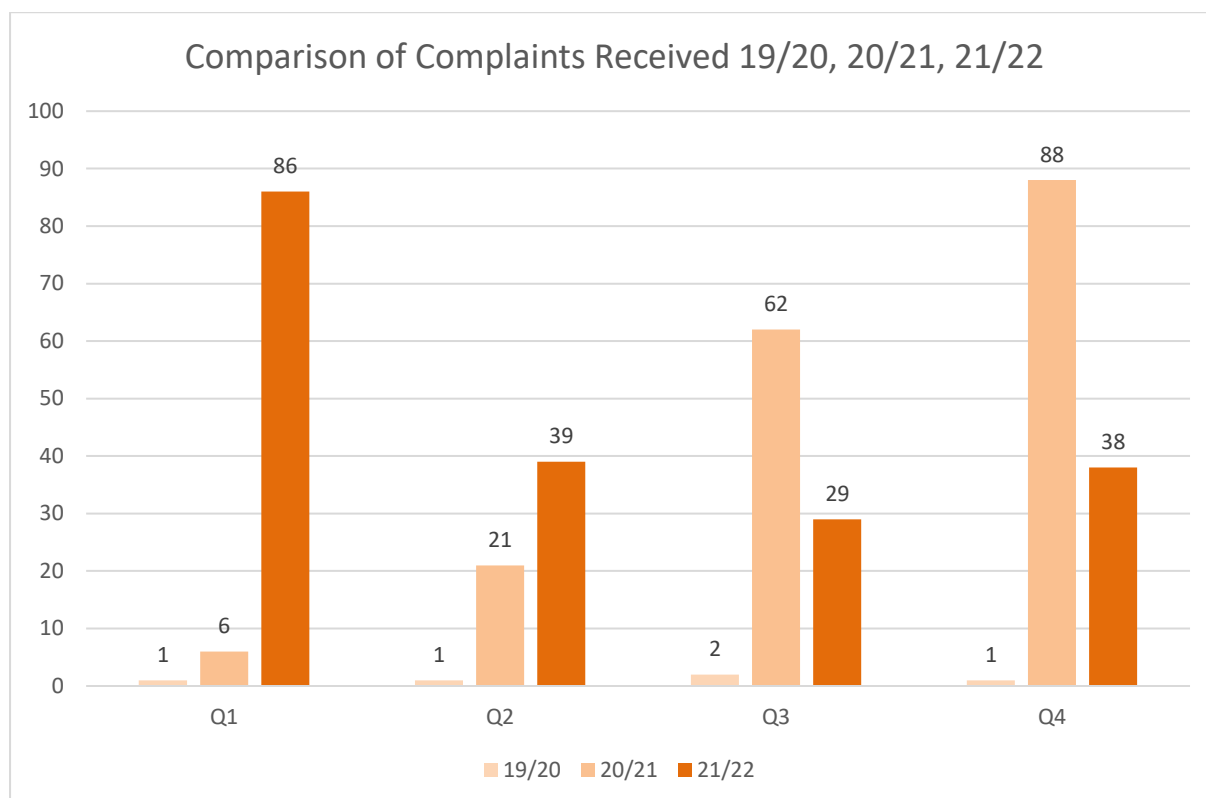
91% of cases upheld or partially upheld around staff conduct were in relation to on site workers.

Household Waste Recycling Centres

Waste services continues to receive high numbers of complaints in comparison to its pre-pandemic levels. 21/22 saw 250 contacts received from the public expressing dissatisfaction with the service. Of these contacts 192 cases entered the formal complaints process: an 8% increase in comparison to the previous year.

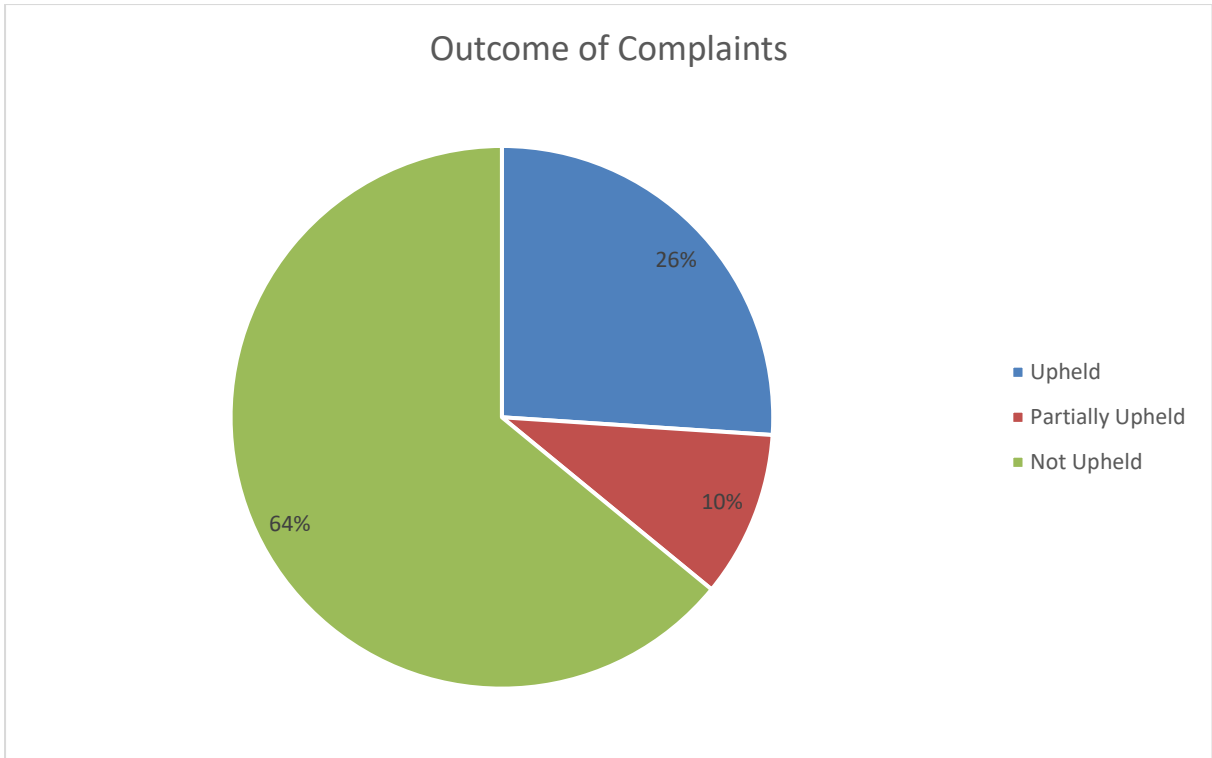
A total of 58 contacts were resolved informally in early resolution; this is a 44% decrease in comparison to the number resolved informally in the previous year.

The following shows the number of complaints received per quarter compared to the previous year.

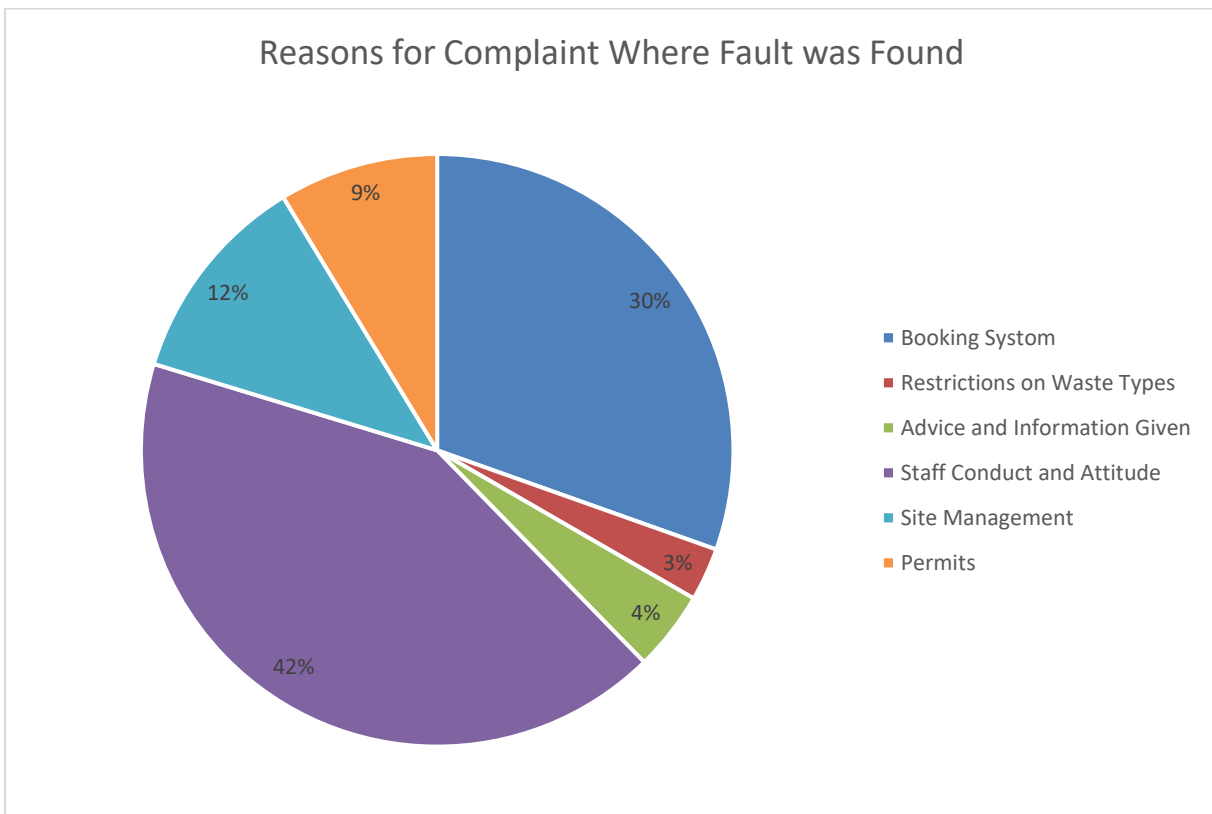


The first quarter was very much consistent with the numbers seen in the last quarter of the previous year. We have seen the volume come down in the second, third and fourth quarters. Given the significant decrease, averaging 62%, between the first quarter and the remainder of the year, this can be taken as an indication of the challenges the service were faced with settling and being addressed.

When looking at the outcomes of these complaints a total of 50 complaints were upheld in full. 19 of the complaints raised found some fault in the way in which the service had been delivered, so were partly upheld, with the remaining 123 not upheld. This breakdown is shown below.



Analysis was undertaken on those complaints partly or fully upheld in order to determine any common themes and trends. The following shows where fault was found in complaints that were upheld and the aspects of those complaints partly upheld.



Cases associated with the booking system are from the beginning of the year and this no longer remains an issue. The area which has seen the highest number of concerns is around the conduct of staff working on site. Given that this issue has been consistently raised via complaints in both this year and the previous year it is recommended that where staff require additional training in regard to the expectations of how customer service should be delivered, this is provided at the earliest opportunity.

Conclusion

As restrictions resulting from the pandemic have been eased, services are seeing a return in most areas to pre-pandemic delivery levels. This has had its own challenges. In addition, it is of note that there is an increased focus in respect of the provision of public services.

Whilst we strive to bring down the dissatisfaction with services being delivered the increase provides additional data from which we are able to learn and improve. As a result of the figures, and as mentioned earlier in this report, it is vital that a renewed focus be placed on early resolution of concerns.

Whilst historically not included within reports an area currently being monitored is timescales in responding to complaints being met. This has not been an area of concern previously as compliance rates have been extremely positive. However, with difficulties faced this year this compliance has seen a steady decline and is being monitored closely, with a drive to improve this figure. Currently this data is being shared with relevant Heads of Service in order to achieve this. Should this area continue to see a decline in figures information will be provided in future reporting, given this is an area where the LGSCO are able to find fault with the council.

**The remainder of cases not included in the above report are a variety of area's including Recruitment, Fire and Rescue and HR.*

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Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Audit Committee
Date:	13 June 2022
Subject:	Information Assurance Annual Report 2021/22

Summary:

The Information Assurance (IA) annual report summarises key activity undertaken by the IA team during 2021/22.

It focuses on the following 3 core domains: data protection; records management; and information security.

Its purpose is to demonstrate that there is a corporate framework in place which delivers assurance activity designed to identify, manage, and mitigate information risk, and which supports the delivery of effective council services.

Recommendation(s):

That the Committee note:

1. Information Assurance activity for 2021/22.
2. Key activity demonstrating that the IA function remains effective and is relevant to the council's needs.

Background

IA is the mechanism by which the council seeks to ensure information, in all its forms, is subject to effective corporate governance and control throughout its lifecycle, from creation through to destruction.

It assists the council in understanding and managing information risk by aligning with the legal and regulatory environment within which it operates; by using information in a way which is lawful, fair, secure, and transparent; and by identifying and responding to internal and external threats.

The IA annual report provides evidence of wide-ranging activity which is delivering the aims of good IA.

Conclusion

The content of the IA annual report can be used to conclude that:

- A focus on improving the service has led to a record number of requests for IA support from across every level of the council.
- High levels of engagement have meant that the IA service has continued to support service areas to identify and mitigate information risk. This in turn has helped to reduce overall corporate risk.
- The IA service continued to receive support from Senior Management, and remained highly visible, demonstrating a positive IA culture within the organisation.
- The primary risk remained the threat from cyber-attacks. The nature and continued growth of cyber-attacks meant that ongoing support to technical colleagues, and ensuring a fit for purpose organisational response, remained central to IA activity throughout the year.
- The IA service continued to advise, assist, and inform across every level of the council, delivering pragmatic and meaningful support which in turn helped in the delivery of effective council services.

Consultation

a) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Information Assurance Annual report 2021/22

Background Papers

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

This report was written by David Ingham, who can be contacted on 07876 148551 or david.ingham@lincolnshire.gov.uk.

Information Assurance

Annual Report 2021/22



Table of Contents

Foreword Page 3

Executive summary Page 4

Data Protection Page 5

Records Management Page 7

Information Security Page 9

Information Assurance Risks Page 11

Foreword

Information Assurance (IA) is a cornerstone of any organisation that relies on information to deliver its services and to operate effectively. This is particularly true of local government, which collects and uses diverse and sensitive information created internally and entrusted to us by members of the public and strategic partners.

IA supports effective governance by implementing a corporate framework designed to identify and manage information risk, implement controls which are reasonable and achievable, and encourage informed decision making. IA also helps the council to meet its legal and regulatory obligations, by ensuring that information, particularly personal data, is used in a way that is lawful, fair, transparent, and secure.

Of equal importance is that IA positions itself in a way that supports the council's business plan, by ensuring good value council services and by helping, not hindering, effective service delivery and operation.

This annual report summarises key activity undertaken by the IA team during 2021/22 and reflects the output of three core specialist areas delivered by 11 council officers.



David Ingham
Head of Information Assurance
07876 148551
David.Ingham@lincolnshire.gov.uk

Executive Summary

While the delivery of IA services in 21/22 continued to support the council's response to COVID19, in the latter part of the year there was also a sense of normal service being resumed. Key themes for the reporting year included continual improvement of service delivery, improved awareness and engagement, and promoting the benefits of IA support.

Focusing on these areas resulted in a record high number of requests from colleagues for support. In turn, this presented opportunities to improve controls across various areas of the organisation thereby helping the council to reduce information risk.

The diverse nature of IA support is clear to see from Children's Health Services to Trading Standards; from Special Educational Needs and Disabilities to Independent Mobility Assessments; and from Travel Services to Registered Care Home projects. The IA team has supported colleagues across the council to deliver their services throughout 21/22.

5 Key Assurance Messages

- The single biggest risk to the council remains a successful cyber attack which results in significant or critical negative impact to the council. IA has ensured the organisational response has remained relevant and has continued to support both technical and non-technical colleagues in improving the council's response to this risk.
- Raising and maintaining awareness of IA subject matter remained a key organisational control. Examples included the development of an IA Hub on the Council's intranet offering advice and guidance in plain English (which has already attracted thousands of visits), as well as continual promotion of IA services and support through internal communications and engagement.
- With the lifting of restrictions significant improvements to the overall records management position have been made. Support from CLT has been very positive and a robust plan has been implemented which continued to tackle current and emerging risks across legacy, displaced, and offsite records.
- Formal contact with the Information Commissioner's Office, the UK's independent authority set up to uphold information rights and data privacy for individuals, has fallen due to a reduction in the number of reportable personal data breaches and data protection complaints received.
- IA engagement across every level of the council remained very high not only in the support of individual service areas but also across key corporate projects, including the Business Intelligence Strategy, Microsoft 365 deployment and Smarter Working. This level of engagement demonstrates a positive IA culture

Data Protection

Data protection support not only supported internal services, but it also included multi-agency collaborative working, particularly across health and social care, as well as suppliers and commissioned services. The Data Protection Advice Service for Schools also continued to deliver effectively.

By maintaining high levels of engagement, the IA service has been able to recommend, and help implement, controls designed to reduce privacy risks across diverse areas of data processing.

A focus on presenting advice in a concise and digestible manner, ensuring technical language was translated into plain English, improved accessibility and understanding and has attracted positive feedback. More importantly it has increased the level of support on offer.

Key Headlines

- Five complaints were referred to the Information Commissioners Office (ICO) by members of the public. A single complaint was partially upheld finding that the council had failed to respond to an individual's rights request within the statutory timeframe. A learning point about what constitutes an individual rights request was identified.
- 20 data protection infringements were investigated by the council's Data Protection Officer. Two were confirmed as actual infringements. Learning points about attention to detail in undertaking personal data searches and greater awareness of what constitutes legitimate sharing were identified.
- A new end-to-end process for considering individual rights requests was supported thereby reducing the risk of non-compliance with our legal obligations.
- The service engaged and supported more than 50 individual Information Asset Owners by reviewing the information they hold and ensuring legal obligations continue to be considered.

Key Challenges and Future Focus

- Meeting increased demands and ensuring the right support is provided at the right time with priority given to processing activities which present the greatest risk.
- Ensuring the challenges and opportunities of closer collaboration with strategic partners are understood and planned for.
- Responding to the outcome of the Government's consultation on reforms to the UK's data protection regime.
- Improving visibility across the third parties that process personal data on the council's behalf.

General IA and Data Protection – Key Data



In addition to the hundreds of “simple” support requests, **174** tasks required extended, more complex, IA support:

- **51%** Children’s Services
- **18%** Resources
- **7%** Place
- **5%** Corporate
- **20%** Adults and Community Wellbeing
- **11%** Fire and Rescue
- **6%** Commercial



10% increase in requests for extended IA support.



82% of staff completed IA E learning.

Note: This is based on average employee numbers over a 12 month period.



20 data protection infringements investigated by the council’s Data Protection Officer. A 17% reduction on the previous year.

of these

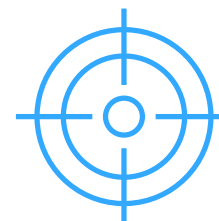


2 were upheld, with **6** ongoing.



5 data protection complaints reported to the ICO by members of the public. A 50% reduction on the previous year.

of these



1 complaint partially upheld with **2** ongoing.

Records Management

Corporate and service area risk continued to be reduced across holdings of hard copy records as despite a slowing of pace due to COVID19, significantly improved progress was made in the latter part of the year. There is evidence of increased awareness and more productive engagement with information owners. Furthermore, an established and robust appraisal process has identified, reviewed and indexed thousands of records.

Outside of planned work, records management continued to react to requests for support across all formats of records, from both internal services, and external partners and suppliers.

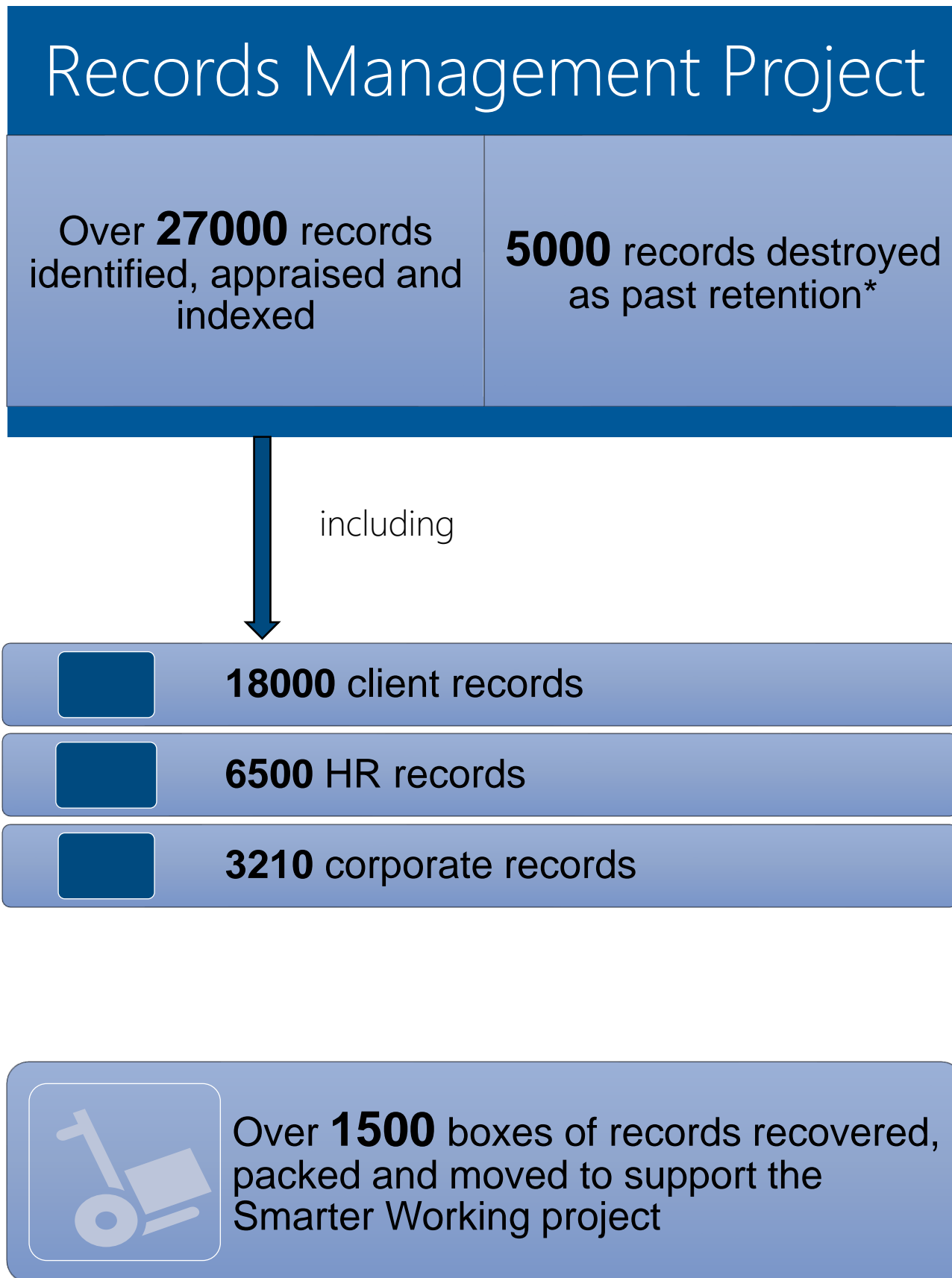
Key Headlines

- The new corporate Records Management Strategy has been published focusing on three key priorities; to understand our records; to improve ownership and awareness; and to review and reduce paper records.
- The corporate records management project has proven to reduce corporate risk by improving overall control and reviewing, indexing, appraising and destroying hard copy records.
- A dedicated onsite records management storage facility was established to enable quicker, more efficient review of displaced and unmanaged records.
- Ongoing records management support continued to encourage better management of digital records through service area and application owner engagement.
- A restructure of offsite records was initiated which will reduce cost and improve knowledge and control of holdings.

Key Challenges and future focus

- Ensuring an efficient response to the requirements of the Smarter Working project, where volumes of displaced records are high.
- Development of record lifecycle workshops to help embed a broader understanding of where records and business value information should be stored and how it can be better managed.
- Supporting application owners to better manage electronic records in new and current systems by improving the record lifecycle.
- Consideration of two ongoing and long-standing legal holds across records which impacts the destruction of records past their retention dates.

Records Management – Key Data



* Two legal holds are in place which has prevented higher number of records being destroyed.

Information Security

Summary

Like all UK organisations, the council continued to deal with a significant volume of cyber attacks. Adding to the challenge were the evolving capabilities and techniques used by attackers. This has required constant effort to reduce the risk of a successful attack. IA ensured the organisational response remained relevant and continued to support technical colleagues in reducing the risks.

An increase in assurance activity driven by service area uptake of Cloud services was also evident. Adopting an approach based on the National Cyber Security Centre cloud security principles directly assisted in reducing risk and improving confidence in the delivery of services.

Security incidents have risen in comparison to the previous year; however, core trends such as root cause and nature of incidents remain constant. Despite the increase, there has been a reduction in the number of data breaches requiring onward reporting to the Information Commissioners Office.

Key Headlines

- A 14% increase in the number of confirmed security incidents investigated by the IA team.
- A 75% reduction in the number of personal data breaches reported to the ICO due to a reduction in breaches involving the most sensitive personal data and improved responses to contain and reduce the impact of reported data breaches.
- A significant increase in the number phishing emails received, up 30% on 20/21 and 60% from 19/20.
- Established improved processes to make it easier to report security incidents and to report spam or malicious email.

Key Challenges and Future Focus

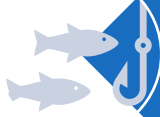
- Keeping pace with the cyber threat and the continual need for an “always on” response.
- Ensuring ongoing organisational awareness of the risks presented by malicious email.
- Providing ongoing support to technical colleagues to improve our cyber security posture.
- Seeking out areas of improvement to reduce the number of security incidents caused by human error.
- Balancing the diverse needs of the council with a pragmatic, but robust, security posture.

Information Security – Key Data

Cyber Attack Prevention



Over 430000 security events blocked on our network perimeter



More than 83000 malicious emails blocked including nearly 80000 phishing emails

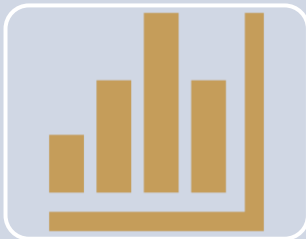


Over ½ million internet threats blocked



More than 10000 security fixes applied

Security Incidents



303

total security incidents reported and investigated



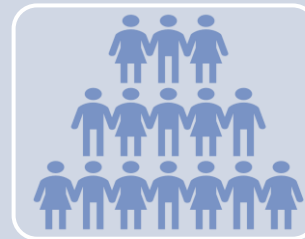
263

confirmed security incidents



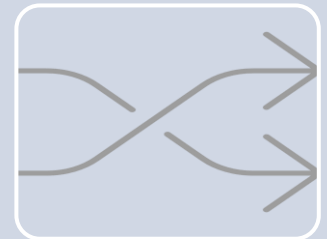
93%

caused by human error



87%

involving personal data



79%

due to misdirected information

Appendix 1 – IA Top Risks

Risk	Raw rating	Current rating	Target rating	Risk status
There is a risk of a successful cyber attack against the council which will have a significant or critical negative impact. Note: IA provide the organisational response to support the technical response.	16	12	8	Open and Improving
There is a risk that because of an inconsistent and fragmented approach to hard copy records management the council will face action by the Information Commissioners Office or it will lead to large-scale undermining of individual rights	12	9	6	Open and Improving
There is a risk that that the Council is unable to meet the requirements of the Data Protection Act 2018 and UK GDPR leading to action by the Information Commissioners Office or large-scale undermining of individual rights	9	6	6	Monitored
There is a risk that security incidents go unreported or are subject to delay and as a result the council cannot respond effectively and in a way which minimizes impact and meets data protection reporting obligations.	9	6	6	Monitored
There is a risk that colleagues lack awareness of their individual information responsibilities and obligations resulting in an organisational culture that fails to take information assurance seriously.	12	6	6	Monitored

4 Almost certain	4	8	12	16
3 Probable	3	6	9	12
2 Possible	2	4	6	8
1 Hardly ever	1	2	3	4
Impact	1 Negligible	2 Minor	3 Major	4 Critical

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Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Audit Committee
Date:	13 June 2022
Subject:	Work Programme

Summary:

This report provides the Committee with information on the core assurance activities currently scheduled for the 2022 work plan.

Recommendation(s):

1. To review and amend the Audit Committee's work plan ensuring it contains the assurance areas necessary to approve the Annual Governance Statement 2021.
2. Consider the actions identified in the Action Plan.

Background

The work plan, as attached at Appendix A, has been compiled based on the core assurance activities of the Committee as set out in its terms of reference and best practice.

Appendix B – keeps track of actions agreed by the Committee and future potential agenda items.

Conclusion

The work plan helps the Audit Committee effectively deliver its terms of reference and keeps track of areas where it requires further work and/or assurance.

Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Work Programme
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, Head of Audit and Risk Management, who can be contacted on 01522 553692 or lucy.pledge@lincolnshire.gov.uk.

Appendix A - Audit Committee Work Plan 2021/23

13 June 2022 – 10.00 am		
Item	Contributors	Assurances Required/ Sought
International Standards on Auditing - Response to Management Processes Questions	Lucy Pledge (Head of Internal Audit and Risk Management)	Each year the External Auditors are required to obtain an understanding of the Council's management processes in a number of areas. The International Auditing Standards specify the areas concerned – with the aim to support risk assessment around fraud, error or a material mis-statements in the County Council and Pension Fund financial statements. This report sets out the management responses to those questions.
Internal Audit – External Quality Assessment 2022	Lucy Pledge – Head of Internal Audit and Risk Management	Assurance over Internal Audit conformance with the Public Sector Internal Audit Standards.
Annual Report on Corporate Compliments and Complaints	Shay Noreen (Complaints Manager)	Provide assurance on the effectiveness of the Councils complaints policy and processes.
Information Assurance Annual Report 2021/22	David Ingham (Head of Information Assurance)	Gain an understanding of the level of assurances being provided by the Head of Information Assurance over the Council's information governance arrangements and why.
11 July 2022 – 11.00 am		
Item	Contributors	Assurances Required/ Sought
Informal Statement of Accounts Training at 9.15am		
Draft Statement of Accounts 2020/21	Sue Maycock (Head of Finance – Corporate)	By asking questions (supported by independent advisor), confirm the integrity of the Council's financial statements prior to audit/publication. Improving how the Council discharges its responsibilities for public reporting e.g. better targeting at the audience and plain English.
Monitoring Officer's Annual Report	David Coleman (Monitoring Officer)	Confirm compliance with the Council's code of conduct and constitutional arrangements – ensuring the lawfulness of decisions and promoting / maintaining

		high standards of conduct by officers and members.
11 July 2022 – 11.00 am (cont)		
Item	Contributors	Assurances Required/ Sought
Internal Audit Annual Report 2021/2022	Lucy Pledge (Head of Internal Audit and Risk Management)	Gain an understanding of the level of assurances being provided by the Head of Internal Audit over the Council's governance, risk and internal control arrangements and why. To consider how well the Internal Audit Functions is performing: <ul style="list-style-type: none"> • Is it what you want – independent, objective and provide a knowledgeable view of how well the Council is being run? • Conforms to the Public Sector Internal Audit Standards? • Has an effective Quality Assurance framework? • Successfully delivers results that make a difference in how well the Council is run?
Counter Fraud & Whistleblowing Annual Report	Matthew Waller – Team Leader – Audit	On the overall effectiveness of the Authority's arrangements to counter fraud and corruption.
Approval of the Council's Annual Governance Statement 2021/22	Lucy Pledge (Head of Internal Audit and Risk Management)	Confirm that the final Annual Governance Statement accurately reflects the Committees understanding of how the Council is run.
26 September 2022 – 10.00 am		
Item	Contributors	Assurances Required/ Sought
Update on the Council's Financial Resilience	Sue Maycock (Head of Finance – Corporate)	Provide assurance that the Council's arrangements follow good practice - supporting financial resilience, sound financial management and VfM. Gain assurance on implementation of improvement actions identified through self assessment: <ul style="list-style-type: none"> • External Audit VFM self-assessment • CIPFA Financial Management Code
26 September 2022 – 10.00 am (cont)		
Item	Contributors	Assurances Required/ Sought

Updated Audit Completion Report 2020/21 – Lincolnshire County Council	Sue Maycock (Head of Finance – Corporate) Representatives of Mazars	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.
Revised Counter Fraud Policies	Lucy Pledge – Head of Internal Audit and Risk Management	Gain assurance that the Council has effective arrangements in place to fight fraud locally. Ensure that counter fraud resources are effectively targeted to the Council's key fraud risks.
Fraud Risk Register	Matthew Waller – Team Leader – Audit	Confirm that the Council's counter fraud activity is targeted and effective.
Counter Fraud Progress Report	Matt Drury (Principal Investigator)	Gain assurance that the Council has effective arrangements in place to fight fraud locally. Ensure that counter fraud resources are effectively targeted to the Council's key fraud risks.
Risk Management Progress Report – September 2022	Debbie Bowring (Principal Risk Officer)	Seek assurance that risk-related issues are being addressed.
Internal Audit Progress Report – September 2023	Lucy Pledge (Head of Internal Audit and Risk Management)	Gain an understanding of the level of assurances being provided by the Head of Internal Audit over the Council's governance, risk and internal control arrangements and why. The Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Head of Audit opinion. Confirm that the plan achieves a balance between setting out the planned work (must do's) for the year and retaining flexibility to changing risks and priorities during the year.
14 November 2022 – 10.00 am		
Item	Contributors	Assurances Required/ Sought

<p>Statement of accounts 2021/22 – Lincolnshire County Council & Pension Fund</p>	<p>Sue Maycock (Head of Finance – Corporate) Representatives of Mazars</p>	<p>Ensure that the explanatory forward to the accounts help the public understand the authority's financial management of public funds.</p> <p>Consider the outcome of the External Audit and the appropriateness of management responses.</p> <p>Consider any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council</p> <p>Consider the proposed Value for Money Conclusion and any matters arising.</p>
<p>Audit Completion Report 2021/22 – Lincolnshire County Council & Pension Fund</p>	<p>Representatives of Mazars</p>	<p>Consider the outcome of the External Audit and the appropriateness of management responses.</p> <p>Consider any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council</p> <p>Consider the proposed Value for Money Conclusion and any matters arising.</p>
<p>Counter Fraud Progress Report – October 2022</p>	<p>Gary Douglas (Principal Investigator)</p>	<p>Gain assurance that the Council has effective arrangements in place to fight fraud locally. Ensure that counter fraud resources are effectively targeted to the Council's key fraud risks.</p>
<p>Horizon Scanning</p>	<p>Lucy Pledge (Head of Internal Audit and Risk Management)</p>	<p>To provide early signs of potentially important developments – identifying potential treats, risks, emerging issues and opportunities.</p>

January / February 2023 – 10.00 am		
Item	Contributors	Assurances Required/ Sought
Combined Assurance Status Reports – 2022/23	Chief Executive, Executive Directors, and Chief Fire Officer	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. Seeking assurance that they are working well and that any significant risk and issues are being actively managed.
Draft Audit Committee Annual Report 2022	Lucy Pledge (Head of Internal Audit and Risk Management)	Provide assurance that the Committee has adequately discharged its terms of reference and has positively contributed to how well the Council is run.
March 2023 – 10.00 am		
Item	Contributors	Assurances Required/ Sought
External Audit Strategy – Lincolnshire County Council & Pension Fund 2022/23	Representatives of Mazars	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.
Statement of Accounts 2022/23 – Accounting Policies	Sue Maycock (Head of Finance – Corporate)	Confirm that the appropriate accounting policies are being applied and understand the impact of any material changes that affect the Council's or Pension fund accounts.
Internal Audit Progress Report – March 2023	Lucy Pledge (Head of Internal Audit and Risk Management)	Gain an understanding of the level of assurances being provided by the Head of Internal Audit over the Council's governance, risk and internal control arrangements and why. Confirm that the plan achieves a balance between setting out the planned work (must do's) for the year and retaining flexibility to changing risks and priorities during the year. Is adequate to support the Head of Audit opinion.
March 2023 – 10.00 am (cont)		
Item	Contributors	Assurances Required/ Sought

Risk Management Progress Report - March 2023	Debbie Bowring (Principal Risk Officer)	Seek assurance that risk-related issues are being addressed.
Counter Fraud Plan 2022/23	Matthew Waller – Team Leader – Audit	On the overall effectiveness of the Authority's arrangements to counter fraud and corruption.
Internal Audit Plan 2022/23	Lucy Pledge (Head of Internal Audit and Risk Management)	<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 sufficiently capacity and capabilities to maintain an effective internal audit function.</p>
Internal Audit Progress Report	Lucy Pledge (Head of Internal Audit and Risk Management)	Gain an understanding of the level of assurances being provided by the Head of Internal Audit over the Council's governance, risk and internal control arrangements and why.

Items to be programmed:

- **Integration of Health and Social Care (including IMT)** – Glen Garrod (Executive Director of Adult Care and Community Wellbeing) – Date TBC.

Appendix B - Audit Committee Action Plan 2022/23

Audit Committee Action Plan 2022/23			
Action	Terms of Reference Outcome	Key Delivery Activities	When
Lessons Learned From Public Interests Reports Workshop Working with Overview & Scrutiny Management Board		Working Effectively Together / Moving Forward Our Joint Working	March 2022
Implement a training programme on key aspects of the Audit Committee terms of reference			
Re-start Lincolnshire Audit Committee Forum			

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