Audit LINCOLNSHIRE

Public Sector Auditing ….. Private Sector Thinking

Combined Assurance

Status Report
Information and Commissioning

Date: December 2015

Lincolnshire COUNTY COUNCIL

Working for a better future

Contents

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Introduction

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

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

We gathered and analysed assurance information in a control environment that:
- takes what we have been told on trust, and
- encourages accountability with those responsible for managing the service.

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

Scope
We gathered information on our:

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

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

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

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

Key Messages

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

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

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

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

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

There is good evidence that where Serco have sufficient skilled staff and there is no dependency on Agresso or delayed IMT transformation they deliver services well, these include: CSC service, the HR advice service and the Court of Protection service. There is also good evidence of progress in dealing with problems, particularly accounts payable and payroll.
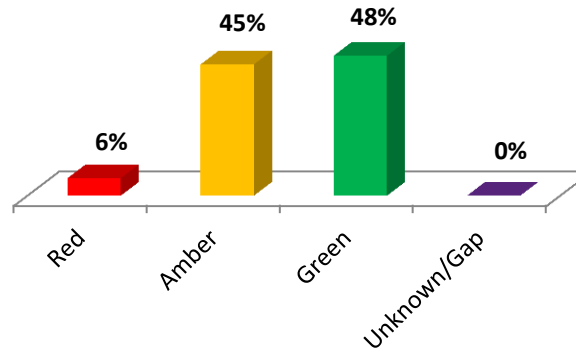
The relationship with Serco has been robustly managed but remains positive with both organisations committed to working through the problems to achieve a successful service and completion of the transformation activity.

Figure 1

Overall Assurance - Critical Activities 2015
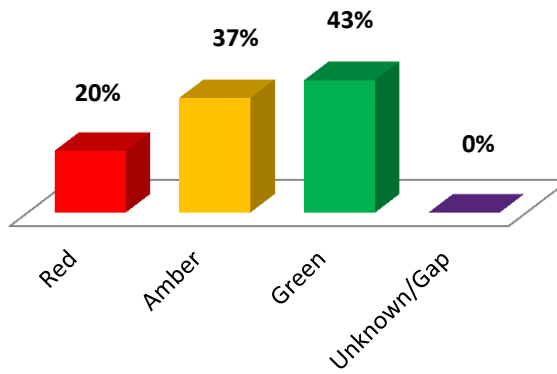
Overall Assurance - Critical Activities 2014

Next Steps

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

Key challenges include:

- Ensuring that Serco complete delivery of the recovery of Agresso and the payroll and financial services that depend upon it, including close working with the Council's finance team to complete the 2015/16 financial year end.

- Ensuring that Serco deliver the IMT recovery plan including the transformation projects and service improvement projects.

- Contributing to the financial challenge faced by the Council through good communication both externally and internally, and through procurement, contract management and project delivery to drive down costs whilst supporting critical service delivery.

- Completion of the implementation of Mosaic delivering efficiency improvements for Adult and Children's Services as soon as possible, once Agresso is stable.

- Completion of implementation of the new contract and procurement rules to drive compliance with the new Public Contracts Regulations.

- Support and development of critical market sectors to support services in Lincolnshire, particularly the Adult Care market.
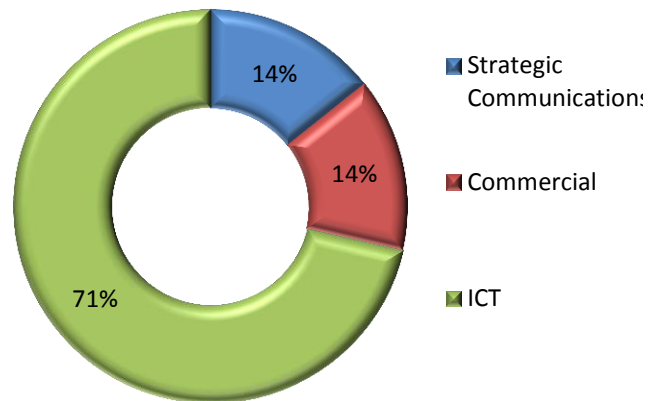
Critical Systems

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

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

Some service areas within ICT have been the subject of internal audit reviews and these are reflected on the Assurance Map for Information and Commissioning. These reviews provide independent oversight and added value through recommendations made for improvement. Agreed actions are monitored to ensure implementation with progress reported to the Audit Committee.
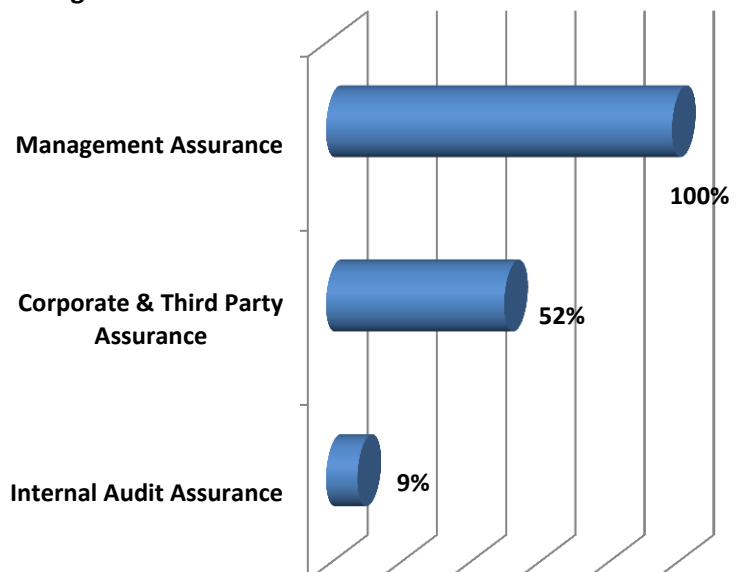
Figure 2

Information & Commissioning Distribution of Assurance

- Strategic Communications 14%
- Commercial 14%
- ICT 71%

Who Provides Your Assurance

Figure 3

- Management Assurance — 100%
- Corporate & Third Party Assurance — 52%
- Internal Audit Assurance — 9%

Strategic Communications

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

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

Figure 4

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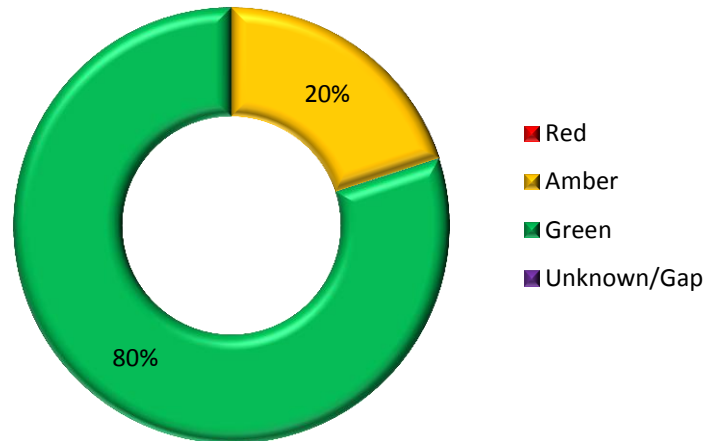
The digital engagement team have made further progress in developing the Council's digital and social media platforms and this is now embedded as an important part of all communications activity.

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

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

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

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

Commercial Team

The Commercial Team

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

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

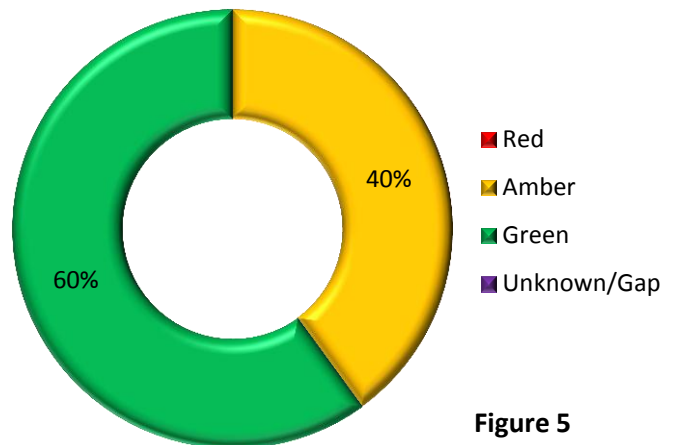Management take responsibility for assuring activity and advice given by the Team.

Commercial

40%

60%

- Red
- Amber
- Green
- Unknown/Gap

Figure 5

People Services Team

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

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

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

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

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

Infrastructure

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

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

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

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

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

Projects and Performance

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

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

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

IMT

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

Figure 6

ICT

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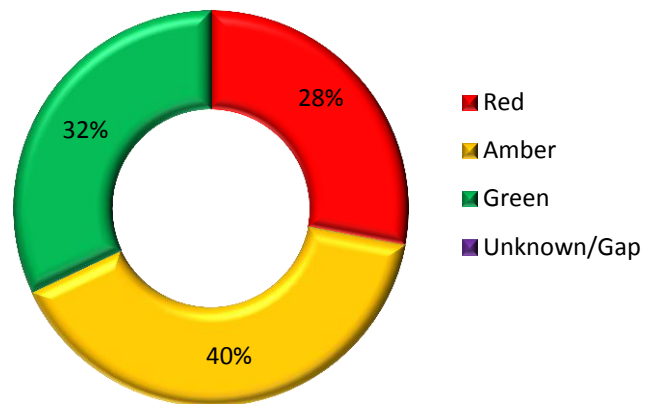
The IMT team has continued to develop and improve the Council's approach to Information Governance and has established a sound and robust framework designed to support the way LCC handles information, in particular, the personal and sensitive data relating to our customers and employees. This is extremely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

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

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

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

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

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

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

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

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

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

Strategic Risks

Strategic Contracts

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

Governance (Agresso)

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

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

Strategic Contracts

Governance (Agresso)

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

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

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

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⬤ = On track

Key Projects in Information & Commissioning

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

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

	Dec 2014	Dec 2015	
Corporate Contracts Register	🔵	🔵	This project is designed to address the inconsistencies around recording of contract information. **RAG rating - GREEN**

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