Internal Audit Progress Report

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Introduction

1. The purpose of this report is to:

   ▪ Provide details of the audit work during the period 12th September 2016 to 12th January 2017

   ▪ Advise on progress with the 2016/17 Audit Plan

   ▪ Raise any other matters that may be relevant to the Audit Committee role

Key Messages

2. During the period we have completed 19 County audits, 12 to final report (including 2 consultancy assignments) and 7 to draft report stage as well as finalising 3 school audits.

3. There are currently 13 further audits in progress.

4. The detailed revised 2016/17 Audit Plan is shown in Appendix 3 with current progress as follows:

42%	completed or at draft report stage
38%	in progress
10%	agreed and scheduled during quarters 4
10%	audit areas to be agreed and scheduled[1]

Internal Audit work completed in the period 12th September 2016 to 12th January 2017

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

High Assurance	Substantial Assurance	Limited Assurance	Low Assurance
▪ SEND Transport ▪ Corporate Policies and Procedures ▪ Scrutiny ▪ Treasury Management	▪ Better Care Fund	▪ General Ledger – Key controls 15/16 ▪ Workforce Development ▪ Absence Management ▪ Debtors ▪ Lincolnshire Waste Partnership	

[1] Our quarterly liaison meetings agree and schedule audits during the year based on the risked based plan and new emerging risk areas. 90% of unscheduled work is ICT.

1 | P a g e

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

6. Since our last progress report we have issued 5 final reports providing High or Substantial Assurance:

SEND Transport

The cost of transport for Additional Needs pupils per head is significantly higher than mainstream pupils. LCC are attempting to get 5 year contracts in place to bring in interest, avoid monopolies and reduce costs. The plan is to roll out the contracts in two lots, which are referred to as "tranches". Our audit focused on the first tranche.

Our review identified that the procurement process followed in respect of SEND Transport contracts was effective and we established by sample testing that the Procurement Procedure Rules were complied with. We found adequate arrangements to ensure that all drivers / passenger assistants resourced to fulfil the requirements of the contract are CRB checked and that any vehicle used in fulfilling contracts must undergo the pre-requisite safety inspections.

Tranche one contracts have been awarded and will commence January 2017.

Corporate Policies and Procedures

Our review included the high level strategies / plans in place that relate to HR, Finance, Health & Safety and ICT – Information Governance (IG) and the detailed policies that support these. During initial discussions on the scope of the audit we agreed not to include Safeguarding. Our scope did not include any operational policies or guidance.

We confirmed that the Council has sound procedures in place to review, update and communicate its HR, Finance, Information Governance and Health & Safety policies. This provides a positive level of assurance that Corporate Policies effectively support the second line of assurance (corporate functions and 3rd parties) in the '3 lines' of assurance model.

Scrutiny Functions

Our review was designed to provide assurance around the Council's overview & scrutiny committee arrangements as part of the second line of assurance.

We were able to place reliance on an independent review from East Midlands Councils, which assessed the effectiveness of the Council's approach to overview and scrutiny. This made 17 recommendations on how arrangements may be improved. Our work focussed on looking at what has been done to implement recommendations.

We found the Council endorsed the findings of the independent review and delegated the implementation of the recommendations to the Overview &

Scrutiny Management Committee, which set up a Working Group to carry out the detailed work required. We could confirm that all recommendations have been actioned or are in progress.

Treasury Management

Our review found that current policies and practices reflect the CIPFA code of practice for Treasury Management and are working effectively.

The Treasury Management Strategy Statement and the Annual Investment Strategy for 2016/17 had been reviewed and approved by the Value for Money Scrutiny Committee. There was also evidence of compliance with these strategies, regular monitoring and reporting on the performance of investments and borrowing.

The current arrangements to ensure business continuity of the Treasury Management function (following a disruptive incident) were found to be adequate.

Better Care Fund

Our audit focused on performance report on the £193.7m Better Care Fund for Lincolnshire. This is a pooled budget which aims to deliver better outcomes for both health and social care users and enhance integration of the services.

We confirmed that Better Care Fund performance reporting information produced on a monthly and quarterly basis is accurate and agrees to source data. Throughout 2015/16 improvements have been made to the layout of the Quarterly performance reports to make them more reader friendly and easier to understand. Joint working between the Clinical Commissioning Groups and the Council has also taken place during 2015/16 in order to identify the most appropriate and efficient ways of sharing data and developing appropriate flows of information. Our report makes some recommendations for improvement in relation to presentation format, targets and remedial actions to address under performance.

7. We have also issued 5 final reports providing Limited or Low Assurance. The executive summaries of these reports can be found at Appendix 2; however in brief these audits are:

Key Control Testing – General Ledger (Limited Assurance)

Our work assessed key controls and conducted extensive testing to enable the Head of Internal Audit to form an opinion on the Council's financial control environment. Significant improvements we noted; however assurance is limited as some areas of concern remain and, due to the importance of maintaining an accurate general ledger, a sustained period of stability is required before a more positive assurance opinion can be given.

Workforce Development (Limited Assurance)

Adult Care Workforce Development Team (WQ&D team) provides learning opportunities to around 875 employees with a variety of training requirements including Social Workers, Occupational Therapists, Community Care Officers, Nurses and Commissioning Officers, Brokerage and Day Opportunities staff.

Our main focus was to provide assurance that the Workforce Development strategy is embedded and delivery arrangements and monitoring are effective to develop and maintain a skilled workforce.

A limited assurance has been given primarily due to the lack of integration of the Agresso system which has had significant impact on the ability of the workforce development team to perform monitoring and evaluation of the training data.

Absence Management (Limited Assurance)

Our review was designed to provide independent assurance around compliance with the Absence Management Policy and Procedures across the Council.

Based on the work completed, we cannot provide assurance that the Council's absence management policy and procedures are being consistently applied when employees are absent due to sickness. For two thirds of the employee absences examined we identified that the policy and procedures had not been followed to a greater or lesser extent.

Debtors (Limited Assurance)

Our review established that generally the processes across the Council and within Serco Credit Control to generate debtor invoices, credit notes and issue reminder letters are well controlled. To date, debt recovery action has focussed principally on higher value debts rather than an approach based on the age of the debt (or other factors). Whilst this should ensure the Council recoups the majority of monies owed, it is important to also review older debt as this will become more difficult to recover. Serco and LCC need to agree an approach that will make the most effective use of the Credit Control Team's resources and maximise recovery.

The other area where our work identified scope for improvement is in reporting of management information on debts raised and outstanding debt.

Lincolnshire Waste Partnership (Limited Assurance)

Our work found that the LWP is not working as intended. The main reasons for this are:

- Fractured relationships within the Partnership based on historical issues impacting trust, joint working and potentially creating a perception of blame
- The Partnership does not have the authority to make strategic decisions
- An out of date Joint Municipal Waste Management Strategy (JMWMS), which may no longer be fit for purpose
- Lack of clarity around the requirement for a JMWMS in relation to legislation
- Increasing resource pressures

Audits in Progress

8. We have 7 audit's at draft report stage:

- Integrated Community Equipment Scheme
- Trading Standards
- Missing Children
- Follow up of the Joint Commissioning Board Audit
- Adult Care Assessments – Initial and annual
- Mosaic case management system
- European Regional Development Fund

These will be reported to the committee in detail once finalised.

9. Audits are currently in progress include:

- Child Sexual Exploitation – Joint working
- Adult Safeguarding Referrals
- Contracts
- Bank Reconciliation
- Accounts Payable
- VAT
- Annual Key Control testing
- HR management in schools
- Infrastructure Asset Revaluation
- Pro-contract. Replacement Contract Management system
- Highways Maintenance – Restructure
- Planning Software Replacement
- Heritage sites

More details on audits in progress can be found at Appendix 3, which details the entire 2016/17 audit plan.

Other Key Work

10. Other key work undertaken during the period includes:

Good Governance Audit (Consultancy Assignment)

CIPFA / SOLACE updated its 'Delivering Good Governance in Local Government: Framework' and associated guidance in April 2016. The Governance Group commissioned an Internal Audit review - benchmarking the Council's arrangements to this best practice guidance and to ascertain how well the Council's Governance arrangements work in practice. This work has been split into 2 phases:

Phase One	Examination of the structures, processes, values and systems put in place by the Council and comparing our current governance arrangements to the Framework
Phase Two	It is proposed to establish how the governance arrangements work in practice

We have completed **Phase One** – Overall we can confirm that the Council conforms to this Framework and has strong governance arrangements in place that are up to date and relevant to the environment it operates in.

It is not surprising that strong governance arrangements are in place for an established Council. We have provided some insight on the arrangements and suggested some areas of improvement compared to good practice. The areas include Ethics, Partnerships and the Transparency Code which will be reviewed in detail during phase 2 – scheduled February 2017.

Carers Customer Service Team Project (Consultancy Assignment)

Whilst initiating our planned audit of the Carers Team within the Customer Service Centre we identified that an internal project was planned by Adult Care. The project, which was completed in September 2016, would review the CSC Carers team to identify:
- How Carer's diverse needs are met effectively and efficiently
- How processes and procedures ensure compliance with requirements of the Care Act.

The project aimed to identify what is working well and highlight any gaps that need addressing in order to deliver a high quality carers support service that is fully Care Act compliant.

To avoid duplication we amended our audit scope to a consultancy assignment offering support as a critical friend. We consulted at various stages of the project and helped with production of the final report.

Combined Assurance Mapping Exercise

We have completed our annual refresh and coordination of Combined Assurance which maps all assurance across the authority using the 'three lines of assurance' model. The resulting status reports per directorate are scheduled for presentation within this meeting.

Performance Information

11. Our performance against targets for 2016/17 is shown in the analysis below:

Performance Indicator	Annual Target	Profiled Target	Actual
Percentage of plan completed (based on revised plan)	100%	70%	61%
Percentage of recommendations agreed	100%	100%	100%
Percentage of recommendations implemented	100% or escalated	100% or escalated	65%
Timescales: Draft Report issued within 10 days of completion	100%	100%	50%
Final Report issued within 5 days of management response	100%	100%	73%
Draft Report issued within 2 months of fieldwork commencing	80%	80%	40%
Client Feedback on Audit (average)	Good to excellent	Good to excellent	Good to excellent

12. Progress with the implementation of agreed management action can be found at Appendix 4.

Other Matters of Interest

13. **Forthcoming changes to the Public Sector Internal Audit Standards (PSIAS)**
Cipfa and the Internal Audit Standards Advisory Board have issued a consultation on amendments to the PSIAS. The PSIAS incorporate the international standards established by the Global Institute of Internal Audit and the Institute has recently published new amendments to the standards to be effective from 1 January 2017 for their members.

While it is the intention to maintain the alignment of the PSIAS to the

international standards, there will be no amendment until after the completion of the consultation. The consultation will propose some amendments, deletions and additions to the public sector requirements or interpretations that the PSIAS contain. It is intended that the updated PSIAS will take effect from 1 April 2017.

Appendix 1 – Assurance Definitions[2]

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

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

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Key Control Testing – General Ledger

Background and Context

Lincolnshire County Council introduced the Agresso system in April 2015 and has experienced a wide range of operational issues since that time – these have affected the financial control environment. The main issues identified related to 2 key risk areas – Accounts Payable and Payroll. It was clear that the problems identified in these processes also had a detrimental impact on the ability to maintain the authority's general ledger. This also increased the risks around the production of accurate year end accounts.

Consequently, we were required to produce and present a status report to the Audit Committee in September 2015 – the purpose of the report was to identify the key issues and provide assurance information on financial controls following Agresso implementation. This report gave a 'low' level of assurance due to the significant issues identified and expressed concern at the completeness and accuracy of the general ledger at that time. The importance of accurate records was emphasised as a key factor in ensuring the Council's accounts were correct and reliable.

Due to our work in other key priority areas and instability of Agresso it was not possible to deliver our review on the application of key controls and progress against known issues relating to the general ledger until quarter 1 of 2016/17.

Scope

Our main focus was to provide assurance on the risks associated with the application of key controls and the completeness and accuracy of transactions in the following areas:

- Bank reconciliations
- Transfer journals
- Maintenance of control and suspense accounts
- Posting of files to the General Ledger (particularly known issues including payroll and purchasing card transactions)

As part of this review of the Accounts Payable system we performed the following audit work:

- System documentation / mapping, evaluation and walkthrough
- Key control testing
- Analytical Review – data matching / trend analysis / exceptions
- Substantive testing
- Sample testing of error correction for accuracy / completeness

We would like to thank officers from Lincolnshire County Council and Serco for their help in carrying out this review.

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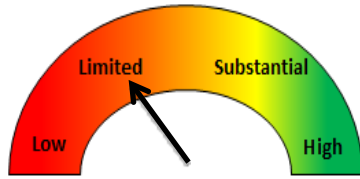
Limited Assurance

Management Actions	Number	All to be completed by:
High Priority	1	30 September 2016
Medium Priority	2	30 November 2016

Key Messages

This review sought to assess the adequacy of key controls around maintenance of the general ledger and to identify the direction of travel and current position on the known control issues raised within the September 2015 report. We can confirm that progress has been made in the intervening period on the main issues previously identified. However, some areas of concern remain and, due to the importance of maintaining an accurate general ledger, a sustained period of stability is required before a more positive assurance opinion can be given.

To manage the risks involved in maintaining general ledger details that would adequately support the production of the authority's Statement of Accounts, the council's Finance Team has provided regular analysis of the key risks to the Audit Committee. These updates have provided a more positive picture with an improving direction of travel. The council have been able to:

- produce and publish a draft Statement of Accounts
- ensure an accurate Trial Balance is now available

The Finance Team has been required to input a significant amount of time and resource to make the necessary postings to meet these short term objectives. The key underlying issue is that poor control frameworks in other areas, such as payroll processing, impact on maintenance of the general ledger. Sustained improvement in these transactional areas is key in ensuring the integrity of the general ledger and the production of accounts.

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Key Messages

The control issues noted above have led to amounts being 'written off' to the revenue account:

Figure 1

Area	Amount written off to revenue account (£)
Payroll file postings	145,290
Error suspense accounts	40,619
Purchasing card transactions	102,351

These items could not be allocated to the correct codes during the reconciliation processes and it was necessary to transfer these amounts to general revenue codes to clear them from the suspense account. The outcome is that these amounts will not have been coded as originally required – therefore impacting on accuracy of records.

The particular areas of concern raised in the September 2015 report to Audit Committee were:

Failure to post payroll files
In September 2015 the Council faced the dilemma whether to post payroll files to the general ledger containing errors and with unreconciled control accounts or to delay posting until the errors were rectified. The latter option was recommended in our report and was pursued.

The delay in posting to the general ledger increased the risks around preparing supporting details for the production of accounts - payroll data files were eventually loaded to the general ledger in April 2016. As noted in Figure 1, it was necessary to write off unreconciled amounts to the revenue account and a final exercise is currently ongoing to verify school payroll and deduction amounts to ensure accuracy – this should be complete by September 2016.

A positive sign is that 2016/17 payroll run postings have been completed without any major issues and accurate and timely payover payments are being made – these were previously identified as a concern. There remains a risk around ownership and reconciliation of the payroll control account and improvements highlighted within our recent review of Payroll are vital in ensuring integrity of the process.

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Key Messages

High volumes of transactions held in error suspense accounts
This was identified as an area of high priority within the Status report to Audit Committee with items valued at £21.2m held in suspense accounts at that time. We can verify progress against this issue although this was only due to the concerted efforts of the Finance Team to identify and clear down over 32,000 items. Figure 1 shows the final amount written off to the revenue account.

The root cause of this issue was the incorrect processing of transactions (payroll, duplicate payments etc) following Agresso implementation. The project to clear the suspense account was successful in resolving the immediate issues although it is vital that audit recommendations made around Payroll and Accounts Payable controls are implemented to prevent such issues arising again in future.

Purchasing card transactions
Review of purchasing card transactions was delayed until March 2016 when the Agresso system became more stable and other priorities had been addressed. By this time, £3.3m in unposted transactions had accumulated. Where possible, correct codings were identified and files posted to the general ledger in April 2016. As in other areas, it was not possible to allocate some transactions correctly and a write off to the revenue account was necessary – see Figure 1.

High numbers of unreconciled items on bank reconciliations
We identified that issues in other areas such as the delay in posting payroll files, payments made via CHAPS or Faster Payments options and duplicate payments all had negative impact on the ability to reconcile the bank account as they created large backlogs of unmatched items.

Our key control testing found the volume of unreconciled items has continued to fall (by 105% between November 2015 and March 2016) with monthly reconciliations now approaching a 'business as usual' position. However, continued improvement in controls over transactions will be important in the efficient operation of the bank reconciliation process.

We identified difficulties in the year end bank reconciliation process. It was planned that this process would be complete by the end of July 2016 although this has been delayed due to the volume of transactions involved – work is ongoing although there is no clear date for this being

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Key Messages

finalised. A 'workaround' solution is currently applied for bank reconciliations and a long term solution for this is being considered.

The attached action plan seeks to recommend improvements over the control environment in maintaining the General Ledger. Those of most significance are:

- It is currently not possible to obtain balances required for bank reconciliations at a 'point in time'. Consequently, balances have to be recreated manually to enable reconciliations. This has contributed to the difficulties in the year end reconciliation process and affects efficiency

- There is currently a control 'gap' around reconciliation of the Payroll control account – council Finance Officers have been fulfilling this role during the period of instability although responsibility moving forward should lie with the Senior Control Officer within Serco Payroll team. Changes in access restrictions are required to allow them to perform this role. Reconciliation of control accounts is an important factor in ensuring accuracy of accounts produced

- Completion of the ongoing review of school payments and deductions

Compliance with key controls
Our sample testing of key controls for the maintenance of the general ledger found they are now largely operating in an effective manner. We identified:
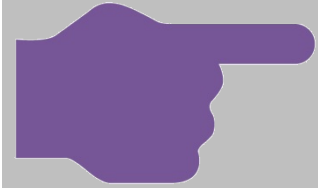
- journals completed were accurate and correctly authorised
- bank reconciliations were carried out on a timely basis
- Control and suspense accounts have now been cleared (although it was necessary to allocate a large resource to achieve this)

Holding Codes

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Areas of Good Practice

These have now been cleared although a small balance (£5k) remains and is due to be addressed imminently.

Payroll postings
We have verified that there has been improvement in this area with 2016/17 payroll runs being successfully completed and posted.

Management Response

The conclusions and recommendations in this important review are supported and the required corrective action is in hand to deliver the solutions within the agreed timescales.
As recognised by the review the problems arising in the General Ledger primarily result from control weaknesses in the two key feeder systems of payroll and accounts payable rather than from the functionality of the General Ledger itself. Council finance staff have worked tirelessly over the past year to both mitigate the consequences of the problems arising and to find and implement permanent solutions to resolve them. All this at a time when the service was being restructured and downsized by around 20%.
All aspects of the General Ledger are now moving towards a 'business as usual' situation.

Workforce Development

Background and Context

Adult Care Workforce Development Team (WQ&D team) provides learning opportunities to around 875 employees with a variety of training requirements including Social Workers, Occupational Therapists, Community Care Officers, Nurses and Commissioning Officers, Brokerage and Day Opportunities staff.

The remit of the Workforce Development team has changed over the past 5 years. The team, previously numbering 19 people developed and delivered in house training to a larger staff group across Adult Care's commissioning and directly provided services arms. There are now 5 team members supporting the Adult Care employed workforce. Adult Care training is commissioned and there is increased use of e-learning

Lincs2learn and Virtual College are the main learning management systems used by the WQ&D team. Neither of these systems is at present integrated with the Agresso system and this is causing problems with:

- Tracking mandatory course attendance
- Ensuring mandatory training is given to correct employee.
- Ensuring mandatory training is made available to all new employees

In February 2016 a Workforce Development strategy was established. Within the strategy there are 10 core areas identified. For each core area the priorities that are essential to meet the key national and local policies / standards and drivers identified in the workforce strategy are detailed. We reviewed whether the processes and priorities detailed in the workforce development strategy have been actioned and are working effectively.

Scope

Our main focus was to provide assurance that the Workforce Development strategy is embedded and delivery arrangements and monitoring are effective to develop and maintain a skilled workforce.

We identified the following as the key risks for this audit area:

- Key national and local policies / standards and drivers and CPD requirement are not complied with.
- The Learning outcome from the course is minimal
- The evaluation of the impact of training on practice is unknown and poor training will not be identified.

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Executive Summary
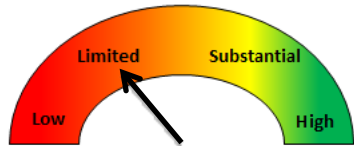
Limited Assurance

Risk	Rating (R-A-G)	Recommendations	
		High	Medium
Risk 1 – Key national and local policies / standards and drivers and CPD requirement are not complied with.	Amber	3	3
Risk 2 – The learning outcome from the course is minimal	Amber	3	0
Risk 3 – The evaluation of the impact of the training on practice is unknown and poor training will not be identified.	Amber	2	2

Key Messages

A limited assurance has been given primarily due to the lack of intergration of the Agresso system which has had significant impact on the ability of the workforce development team to perform monitoring and evaluation of the training data. The most significant areas for improvement are:

Integration of Agresso system: As a result of the lack of integration of the Agresso system with Lincs2learn and the Working Together Lincolnshire Safeguarding system (WTLS -provided by Virtual College) it has not been possible to:

- obtain a list of all Adult care starters and leavers,

- update all adult care employees details / job details and line managers onto the Lincs2Learn and Virtual College system.

Agresso information may not be accurate due to the Lincs2Learn and Virtual College not updating it with courses that staff have completed. This is an area of potential risk as the Continuous Professional Development and mandatory training requirements may therefore not be complied with and employees may not be adequately trained to carry out their role safely and proficiently

The integration of the Lincs2Learn system is to be completed by the Organisational Development

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Team and Agresso Team in November 2016. Management need to gain assurance that the integration of the systems will take place as planned. If assurance cannot be obtained then management need to review the mechanisms in place and identify how they can be improved in the areas for improvement identified in this report.

Evaluation Process: The introduction of Lincs2Learn has shifted learning evaluation from a paper form integral to the learning event to one carried out on line. The system has also enabled the introduction of a 3 month evaluation to enable staff to reflect on the longer term impact of their learning. There is however a very low and slow response rate for the completion of on line evaluation forms. Completion rates of 3 month evaluation forms are lower still with some nil responses for some learning events. This low completion rate limits the interpretation of the feedback and the ability to assess whether practices were improved from attending the training courses.

Commissioning of courses: There was a lack of supporting documentation to show the rationale why a course was commisionined, how the content was decided and how the trainer was decided. Given that most of the training is now commissioned and that from June the majority of training will be arranged by WQ&D team and not through Premier Partnership it is important that the rationale and tender processes followed are shown clearly on course supporting documentation to provide assurance that the correct tender procedures have been followed and that the expected outcome of the course being commissioned is identified.

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Areas of Good Practice
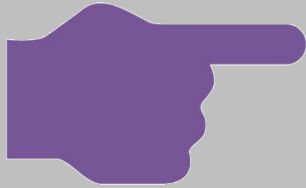
Although the audit has identifed areas of improvement in tracking learning and development and the evaluation processes there are a number of areas of good, innovative practice in the provision of learning and development opportunities. The team:

- Has run an Assessed and Supported Year in Employment (ASYE) programme supporting 42 newly qualified social workers since 2009. The 2015-16 programme is supporting an additional 19 newly qualified social workers – the highest number Adult Care has seen in one programme following a 2015 recruitment exercise. The team are also further developing the ASYE programme to be more rersponsive to operational needs, providing a rolling programme, supported by Lincs2Learn to ensure eligible new starters are able to begin their ASYE year without delay.

- Works in partnership with Lincolnshire Partnership Foundation Trust to ensure the availability of training for new Accredited Mental Health Practitioners (AMHP's) and facitlates an AMHP practice forum, legal updates provides annual practice manual updates to enable Lincolnshire's AMHP's to maintain their accreditation.

- Supports social workers to develop their leadership and practice teaching skills, working with Higher Education institutions to train Practice Educators and support around 12 student social workers a year through practice placements.

- Facilitated with the Lead Professional team the development of alternative learning and development opportunities, e.g. the production and broadcast of webinars and hosting practice workshops and developed dedicated web areas to support practitioners to access these and other learning resources.

- Was instrumental in develolping the proposal for adult care staff to be allocated 3 CPD days a year to support self directed or elective learning and development opportunities and ensuring a broad range of opportunities and resources are available to maximise their value.

- Established the Workforce Strategy in February 2016 which provides guidance to all LCC Adult care staff about the commissioning, tracking and monitoring arrangements performed by the

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Areas of Good Practice
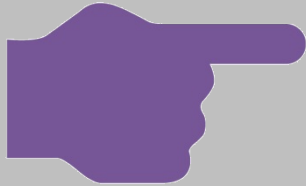
Workforce Development Team.

- Developed In October 2015 a CPD programme for all Community Care Officers and Unqualified Practitioners. The CPD was mapped against the Social work Professional capability framework and established a series of learning outcomes for each of the 9 learning objectives identified in the PCF.

- Introduced in July 2015 Quarterly Principal Practitioner Forums which have supported leadership culture change and cascaded learning information throughout the Directorate.

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The team were aware of many of the areas of improvement detailed in the action plan but at the time of the audit had not been able to take action on these areas. They understand that in order to improve and strengthen the training arrangements the recommendations made should be actioned.

We would like to thank all the workforce Development team for all their help in carrying out this audit. They always made themselves available to provide any supporting information in a timely manner.

Management Response

Adult Care welcomes the timely nature of this audit. It has enabled a review of progress made since changes in the management structure were implemented in August 2015 and Adult Care subsequently launched its Workforce Development Strategy in February 2016.

Since August 2015 the team has been aligned to the Hospitals and Special Projects service area under the line management of the Lead Professional / Principal Social Worker. Aligning the Team with The Lead Professional Team has helped ensure a closer link with practice leadership and development and ensured that Adult Care's priorities in delivering high quality practice are entwined with the delivery of learning and development opportunities for staff.

The report has highlighted changes in leadership over recent years impacting on the stability of the team, however the appointment of a new Learning and Development lead in May 2016 has been a

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Management Response

positive change and facilitated a review of commissioning arrangements and it is encouraging that the report recognises the work being done at the time of the audit to further improve the commissioning of learning which now forms the core business of the team.

The team has established an improved process to support the commissioning cycle which includes the development of a process to capture and track all commissioning activity, providing a golden thread from identifying a potential learning need to commissioning the best provider to deliver the outcomes. The contract specifications have been refreshed and the team intends to implement a new rigorous evaluation framework to ensure that qualitative data is captured.

The report has highlighted the significance of effective partnership between the workforce team and the operational teams, operational managers and the senior leadership team. A number of initiatives have been put in place over the last 12-18 months to support this, for example:

- Oversight of the workforce development strategy implementation is written in to the terms of reference of the Quality and Safeguarding Board, chaired by the Director. The Lead Professional is a member of QSB

- Workforce development updates are a standing item on the bi-monthly Operational Management Team meeting, providing an opportunity for issues such as compliance with must do training to be raised with operational managers.

- An Assessed and Supported Year in Employment (ASYE) steering group has been convened with County Managers to have oversight of newly qualified social workers entry and progress on to the ASYE programme

- The team have commenced engagement at County Managers meetings on issues such as training needs analysis, developing the must do training framework and defining scope of learning to be commissioned.

The report correctly and helpfully highlights the significant challenges of tracking changes in the workforce, completion of training and compliance with evaluation and feedback processes caused by

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Management Response

the lack of integration of corporate learning platform, Lincs to Learn with Agresso. The team has lost tracking and reporting functionality since the introduction of Agresso compared with previous systems. Although constrained by the system defects, the team has developed detailed manual, spreadsheet based reporting protocols to monitor the uptake of 'Must Do' training.

The Learning and Development lead has commissioned additional Business Support capacity to support with the continued need to track activity and provide required management information. The team are confident they are able to provide accurate data in quarterly reports to the Quality and Safeguarding Board with the systems they have in place.

A number of pieces of work were underway as the audit activity commenced to make learning and development activity more intelligence led. Most notably a draft 'must do' training framework is in development to support Adult Care's implementation of both the corporate Learning and Development policy and multi-agency policies on domestic abuse, safeguarding adults and children. This framework has been shared with County Managers and will be taken to the Quality and Safeguarding Board for sign off by December 2016.

Adult Care has welcomed the the opportunity to work with Assurance Lincolnshire on this audit. The Workforce Quality and Development Team have found the process helpful both to affirm areas of good practice and prioritise efforts for further development.   Adult Care is confident that the team will be able to put in place actions to address recommendations made and strengthen the impact of learning activity to support best practice, and ultimately, have a positive impact on the people we work with.

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Absence Management

Background and Context

Reducing time lost to sickness absence and improving management of health issues is an ongoing objective for the Council, measured through a Strategic Performance Indicator of average days lost per FTE. Since March 2013 when the figure reported was 10.38 days per FTE, there has been significant progress to a level of 7.8 days by February 2015. Work is in progress to verify the figure at March 2016. Analysis of sickess absence data previously identified hotspots in Children's Services and Adult Care which resulted in projects to reduce sickness and regular compliance audits in these areas. Outcomes were previously reported to DMT and Overview & Scrutiny. The same level of review has not been applied to other areas. Our audit was requested to provide insight into how sickness absences are being managed in the Council.

From April 2015 the Council implemented a new finance, HR and payroll system, Agresso. This impacted on the ability to record and report corporate and directorate sickness information during 2015/16 and some aspects of reporting are still being finalised.

We are aware that an issue has also been indentified with the implementation of revised terms and conditions in relation to payment during sickness absence. This was not considered during this work.

Scope

Our review was designed to provide independent assurance around compliance with the Absence Management Policy and Procedures across the Council. Specifically this included that:

* Long and short term sickness absences are managed according to the policy

* Return to work interviews are consistently completed

* Appropriate Occupational Health Referrals are made

* Correct application of stages of the Absence Management Procedure and action taken once trigger points are reached

To complete our audit we looked at:

* Guidance and supporting documentation available to managers on absence management

* Absence reporting arrangements

* A sample of 24 absences (8.5% absences meeting the trigger in the period examined) to assess the application of the Absence Management Policy and Procedures and the evidence retained to document the process followed.

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Executive Summary
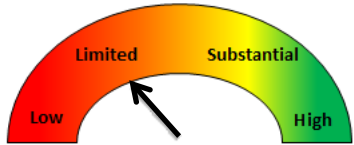
Limited Assurance

Management Actions	No	To be completed by
High Priority	1	31 December 2016
Medium Priority	5	31 December 2016

Key Messages

Based on the work completed, we cannot provide assurance that the Council's absence management policy and procedures are being consistently applied when employees are absent due to sickness.

For two thirds of the employee absences examined we identified that the policy and procedures had not been followed to a greater or lesser extent, for example:

- Managers did not proceed to Stage 1 when triggers were met
- There were delays in initiating the Policy
- The approval of a more senior manager was not always evident where procedures were not applied, delayed or review periods extended.

Our findings and feedback received with requests for information indicate that some managers do not believe it is necessary to apply the Policy where there is a single period of absence that reaches the trigger point or a planned absence.

We identified examples where key documents supporting absence management (Fit notes & Return To Work forms) are not always being securely retained. In two of the twenty-four cases reviewed,

Key Messages

amendments had been made to Absence Management letters removing paragraphs relating to the later stages of the process.

If managers do not follow the agreed absence management policy and procedures the Council cannot demonstrate that it is treating employees fairly and consistently. Where standard documentation available is changed there is a risk that future actions such as dismissal are compromised.

To improve consistency and compliance we recommend additional communication to all managers to further raise awareness of the policy and procedures, specifically to:

- clarify expectations around application in all cases where triggers are met
- the importance of senior manager approval for any deviation from the Policy and that this is clearly evidenced
- provide a reminder that key paragraphs in standard absence management letters should not be deleted

During 2015/16 no sickness reporting has been possible due to the absence of developed reports within Agresso, issues with 'work schedules' and a lack of confidence in the accuracy and completeness of sickness data in the system. An absence of reports makes sickness monitoring more difficult and senior management has not been able to report against key indicators as had been the case in previous years. Progress since April 2016 means that a number of absence reports are now available to line managers to support absence monitoring and highlight where employees meet triggers. We understand that following the completion of a review over sickness data integrity, (which has also included a comprehensive exercise requesting Managers validate sickness absence data on Agresso) corporate performance reports will be available shortly.

Reporting issues have also affected the approach taken to support Adults and Children's Services

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Key Messages

(the areas traditionally having highest sickness). Whilst regular meetings to review absences have continued, no audits have been completed in Children's Services in 2015 due to the information issues. We understand the 2016 audits are due to begin in January 2017. The Serco Absence Management Team has continued to undertake audits in Adult Care, although fewer than previous years. As such audits have proved beneficial management should consider whether the compliance audits that focus on specific areas should be expanded to include spot checks on an ad hoc basis to encourage consistent application of Policy and Procedure across the Council.

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Areas of Good Practice

Our work identified areas of good practice:

✓ Even in cases where formal application is absent there is evidence to demonstrate ongoing contact with employees who are absent from work due to illness

✓ The Absence Management Policy and Procedure is detailed, includes an easy to follow Procedure flowchart and was updated in May 2016

✓ Standard forms and letters are available for managers to utilise through each step of the process

✓ Documented evidence and feedback from managers confirms that Return To Work interviews are being completed

✓ Managers make appropriate use of Occupational Health referrals. People Management Service figures show that use remains constant - at September 2016 there had been 770 referrals for the previous 12 months compared to 773 for the previous year. Feedback provided to the People Management Service is that the current Occupational Health service provides relevant guidance in a timely manner which helps employees return to work.

✓ Agresso now has online Return to Work forms and an area in which to log progress of absence management

We would like to thank the staff involved in this audit for their help whilst undertaking the review.

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Management Response

Management

The Council Management accepts the findings of the Audit Report and the Council will put in place immediate arrangements to address the issues identified.

The challenges associated with the implementation of Agresso have clearly impacted on the management of sickness absence. In particular, this has impacted on Managers' confidence in using Agresso both to record information and to track individual cases as well as the Council's ability to monitor corporate and directorate sickness absence data.

As part of the Agresso Optimisation Plan, it will be critical to provide further support and guidance for Managers in using Agresso. Whilst the Serco Managing Absence Team have supported the co-ordination of the Management validation of 2015-16 absence management data on Agresso, and provided support to assist Managers in using Agresso, this will need to continue over the next year.

As reflected in the action plan, in order to help address these issues, the People Management Service will take the following actions:

- Completion of the newly built sickness report by the Agresso Team so that the 2015-16 sickness data integrity can be validated, and signed off by LCC People Management
- Regular communication to managers on how they can run HR management reports from Agresso to monitor sickness absence activity
- Communication of guidance to managers regarding the document archive facility within Agresso and guidance for users for storage of key documents in Agresso

In response to the audit findings which relate to non-compliance by Managers with the policy and procedure which are un-related to the implementation and usage of the Agresso system, it is clear this will require each Director to reinforce expectations of compliance with policy. However the People

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Response

Management Service will take the following actions in support of this:

- During 2017-18, randomly selected audits will be planned by the Serco Absence Management Team for 10% of sickness absence cases in 2016-17, in addition to audits in Children's and Adults

- Communications will be issued to remind all Managers of the standards within the Policy which must be complied with to ensure fair treatment of employees and the support required to minimise absence due to sickness

Whilst there have been problems with information since the implementation of Agresso, it is noted that the Serco HR Advisory team have continued to promote best practice through the provision of advice to Managers in relation to complex cases, as well as to ensure that policy and guidance is up to date and easy for managers to use. The HR Advisers advise Managers of the implications of not following the Absence Management procedure, however at the current time, it is the responsibility of the manager to obtain and document the agreement from their Senior Manager if they choose to apply discretion and not follow the policy.

Training on Absence Management is also offered to managers. Since the Policy was updated in 2013, 213 managers have attended courses. The course content is regularly reviewed by the Absence Management Team and will be reviewed in again light of the Audit findings.

Monthly meetings are held with the Trade Union Branch Secretary during which discussions take place about high risk cases which include the management of sickness absence cases in order to further reduce sickness and any associated HR issues

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Debtors

Background and Context

We have carried out an audit of the debtors function. Since the previous review in 2013/14, the contract for back office services has been transferred from Mouchel to Serco and a new finance system has been implemented – Agresso.

There have been may issues across all services with the implementation of Agresso since April 2015. Whilst there have been fewer issues within the Accounts Receivable (AR) function, staff have had to understand and carry out work arounds to ensure debts are collected. Much of the AR process uses workflow.

Between September 2015 and August 2016 approximately 12500 debtor invoices were raised with a value of £99.4m. The value of debt at the end of August 2016 was £12.9m of which £8.6m has been raised on Agresso, and £4.3 is reported to be outstanding from SAP. Whilst £4.24m (33%) is debt raised within 1 to 30 days, £4.75m (37%) is reported as 366+ days old.

Scope

The purpose of our review was to give you independent assurance that debts are identified, processed and effectively monitored to ensure the Council maximises collection of monies due.

During our review we considered the following risks:

- debtor invoices are not raised correctly
- invoice amendments/cancellations are incorrect/fraudulent
- debt recovery arrangements are not effective
- information on debt collection/recovery is inaccurate/ incomplete
- fraud risks are not managed
- staffing resources are insufficient or do not have appropriate knowledge/skills
- the debtors system fails to produce the required outputs

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance
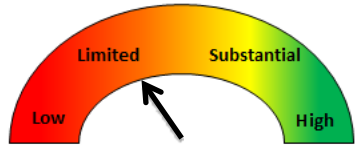
Limited Assurance

Risk	Rating (R-A-G)	Recommendations	
		High	Medium
Risk 1 – Debtor invoices are not raised correctly	Green	0	0
Risk 2 – invoice amendments/cancellations are incorrect/fraudulent	Amber	0	1
Risk 3 – Debt recovery arrangements are not effective	Amber	2	2
Risk 4 – Information on debt collection/recovery is inaccurate/incomplete	Amber	1	0
Risk 5 – Fraud risks are not managed	Amber	0	2
Risk 6 - Staffing resources are insufficient or do not have appropriate knowledge/.skills	Green	0	0
Risk 7 – The debtors system fails to produce the required outputs	Green	0	0

Key Messages

Our review established that generally the processes across the Council and within Serco Credit Control to generate debtor invoices, credit notes and issue reminder letters are well controlled. To date, debt recovery action has focussed principally on higher value debts rather than an approach based on the age of the debt (or other factors). Whilst this should ensure the Council recoups the majority of monies owed, it is important to also review older debt as this will become more difficult to recover. Serco and LCC need to agree an approach that will make the most effective use of the Credit Control Team's resources and maximise recovery.

The other area where our work identified scope for improvement is in reporting of management information on debts raised and outstanding debt. Whilst this has improved since April 2016, we are

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Key Messages

concerned that the way in which information is extracted from Agresso means that the age breakdown of the debt is misleading. The report includes both DR and CR entries against a Customer resulting in figures that show 37% outstanding debt is over 366 days old at 31 August. We believe this figure is overstated as payment has been received against some of this debt. This approach should be reviewed and re-assessed to ensure information shared provides an accurate profile of the Council's debt.

The report providing a detailed breakdown of outstanding debt now includes Directorate and Budget Holder details (and could therefore be used to report directly to Budget Holders), however, its usefulness is hampered by debts that were migrated from SAP to balance sheet codes. Almost all of these therefore list an officer within finance as the budget holder rather than the debt's originator. To facilitate more effective recovery and reporting of this debt, it is essential that a way is identified to add the actual budget holder's details. Since the report is generated from Agresso, this has to be through populating an additional field within Agresso that can be included in the debt report, or finding a way to merge budget holder details to the report each month. Manual changes to the Agresso report each month are not practical given the number of entries. When more detailed and complete information on outstanding debts is available, Budget Holders should be more engaged in assisting with debt recovery.

There is also scope to enhance reporting by providing LCC Finance with information on debts raised with a value of less than £50 and credit notes.

Other areas where action is required to improve process and control include:

- Ensuring write offs are now completed and actioned timely on Agresso. No debts have been written of in 2015/16 or to date in 2016/17 due to the absence of a workflow for authorisation. This is now set up and working in line with the Council's authorisation requirements and going forward write offs should be actioned on a regular basis.

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Key Messages

- Making a change within Agresso so that missed payments on instalment arrangements trigger reminder letters. At present this is not the case and non-payment may only be picked up through the monthly debt review dependent on the value of the debt. In the interim, a mechanism should be put in place to highlight missed payments.

- Ensuring the 'reason' for credit notes being raised is a mandatory field so that reports can be produced that provide useful information and learning that can be shared with users.

- Updating LCC financial procedure rules, debt recovery policy, write off and credit control guidance to reflect the contract arrangements with Serco and the Agresso software.

Areas of Good Practice
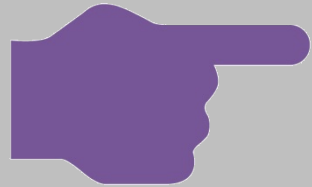
Our discussions and testing confirmed areas of good practice and control, including:

- ✓ Invoices are created and issued daily (or monthly for recurring subscription invoices) by the Credit Control team from sales orders raised in service areas. Sales orders below £50 and above £25,000 require approval from the budget holder which is managed through workflow.

- ✓ Credit notes are approved by the budget holder before they are raised. This is done through workflow and these are produced with the invoices.

- ✓ Dates at which reminder letters are automatically generated have been brought forward to help improve recovery. Automatic letters are now produced for Homecare debt which was not the case prior to Agresso implementation.

Areas of Good

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Practice
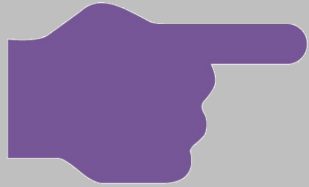
- ✓ There is a monthly review of debts which is shared out across the team. Notes of actions taken to recover debts are recorded in detail on Agresso.

- ✓ Requests for debtor invoice refunds are evidenced and approval is required from the Team Leader before the refund can be processed for payment.

- ✓ Additional payment methods have been introduced, including the ability to take card payments over the phone.

- ✓ The Credit control team is an experienced and stable team who previously worked with SAP.

- ✓ Guidance is available to all staff in Agresso quick cards. There is also a user guide and the credit control team have their own instructions for AR processes and calculating figures for reporting.

The target for the debtors KPI - % of debt (excluding Adult Care Income and Health Authority Debt) collected and paid in to relevant Council Account(s) within 30 days of invoice being issued has been met since April 2016. However, the method of calculation is resulting in a percentage exceeding 100 and therefore LCC is working with Serco to revise the KPI to produce a more informative and realistic measure.

We would like to thank all the staff involved in this audit for their help whilst undertaking this review.

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Management Response

LCC

We welcome the report and the conclusion that, generally, the processes are well controlled.

However, we do not believe the 'Limited Assurance' is fair given that:

- the focus on high value debts was agreed by LCC previously
- the historic debt may not be split out on reports to LCC, however it is allocated to Customers on Agresso therefore the Credit Control Team can see what debtors owe. As they are responsible for recovery rather than LCC we are not sure this means 'debt recovery is not effective'.
- Age profile of debt may be inaccurate but this does not seem to make a material difference to phasing and net debt is still correct.

As a result of the implementation of Agresso, it has been necessary to re-instate or replace certain aspects of credit control that were operating prior to its introduction. These are being pursued. However, the intention is to go beyond this and exploit Agresso's potential, for example, by enlisting LCC's budget holders in helping Serco's Credit Control team to recover outstanding debts.

The findings from the report will assist our plans for improving debt recovery.

Tony Warnock, Operations & Finance Advice Manager & Dave Simpson, Technical Development Manager

Management

Serco

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Response

The report format and style of the report has been structured well, however we do feel that the overall assurance level of 'limited' doesn't fully portray the current services being delivered and the associated content/recommendations that have been highlighted.

We have made significant developments in the service over the past 12+ months, particularly around reporting and processes improvements and we will continue to work closely with key LCC stakeholders to keep progressing and developing the service going forward.

We'd like to thank the audit team for their review and approach throughout the review.

Ian Blindell, Financial Services Manager, Serco

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Lincolnshire Waste Partnership

Background and Context

We have carried out a review of the Lincolnshire Waste Partnership and the Joint Municipal Waste Management Strategy (JMWMS). The Lincolnshire Waste Partnership (LWP) has been set up to enhance the way that sustainable waste management is delivered within Lincolnshire through the identification of best value and long term goals. The LWP consists of one Member and one officer from each of the following Lincolnshire Authorities:

- Boston Borough Council
- City of Lincoln Council
- East Lindsey District Council
- Lincolnshire County Council
- North Kesteven District Council
- South Holland District Council
- South Kesteven District Council
- West Lindsey District Council

There is also representation from the Environment Agency.

The LWP hold quarterly meetings that are attended by all representatives, as well as interim meetings that are attended by officers. These are all chaired and have secretarial support.

It is a statutory requirement overseen by DEFRA for two-tier Authorities such as Lincolnshire to produce a Joint Municipal Waste Management Strategy (JMWMS). This Strategy is designed to sets a clear framework where the Authorities can consider and provide continuous improvement, reduce cost and meet challenging targets.

While this audit is is part of the Lincolnshire County Council 2016-17 audit plan, it was agreed that the review would involve and engage with all officers and Members within the LWP. As well as following standard audit methodology, we sent a questionnaire to all delegates of the LWP. It asked for their agreement or disagreement on a series of statements relating to the LWP and the JMWMS. This information was then analysed to support our findings.

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Scope

The purpose of our review was to provide independent assurance that there are strong Governance arrangements in place for the LWP, as well as ensuring that the JMWMS is an up to date and relevent document.
During our review we considered the following risks:

- Lack of a fit for purpose Strategy
- No approach planned for producing a new Strategy
- Actions and requirements of the Partnership are not completed

The audit planned to look at how National and European policy would be integrated into the new JMWMS. Following the recent decision to leave the European Union, the uncertainty over when this will occur and the fact that there is no current Strategy, we decided not to examine this area. This will be something that the LWP will need to consider as part of the JMWMS review process.
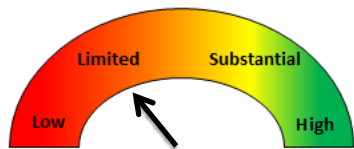
Limited Assurance

Risk	Rating (R-A-G)	Recommendations	
		High	Medium
Risk 1 – Lack of a fit for purpose Strategy	Red	1	1
Risk 2 – No approach planned for producing a new Strategy	Red	0	4
Risk 3 – Actions and requirements of the Partnerships are not completed	Amber	1	5

Key Messages

Our work found that the LWP is not working as intended. The main reasons for this are:

- Fractured relationships within the Partnership based on historical issues impacting trust, joint working and potentially creating a perception of blame
- The Partnership does not have the authority to make strategic decisions
- An out of date JMWMS, which may no longer be fit for purpose
- Lack of clarity around the requirement for a JMWMS in relation to legislation

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Key Messages

- Increasing resource pressures

We are confident that this view is both supported and expected by the LWP based upon the responses to the questionnaire as well as discussions that we observed at the LWP meetings. It should be viewed positively that delegates are of the same opinion and that all are looking for key improvements and constructive change for the future of the LWP and the JMWMS. We hope that the LWP use this review as an opportunity to improve the Partnership, both for themselves and for the people of Lincolnshire.

Responses from the LWP delegates were generally not positive about the way that the LWP is operating and the current state of the JMWMS. The questionnaire revealed a large number of frustrations and problems, but we're pleased to note that it also provided solutions and ideas to deal with these issues. We identified that there is a strong intent from all delegates to develop and strengthen the Partnership. Given the nature of the responses we received, we recommend the LWP complete a full review to re-evaluate its purpose, objectives and to identify what improvements can be made to the way it operates. The Partnership should also consider this approach to support continuous improvement in the future through self assessment.

An area to highlight from our observations of a full LWP meeting and an LWP officers meeting, is that there are fractured relationships within the Partnership based upon historical issues such as recycling credits. This was confirmed following analysis of the questionaire results. We have not set a specific recommendation for this area, but for the LWP to become the Partnership that the delegates are clearly striving for, this barrier needs to be addressed and trust must be rebuilt in order to move the LWP forward.

One of the key frustrations identified through the questionnaire analysis is that the LWP is a "talking shop", meaning that matters of concern are discussed but there is a lack of power to enact change. Following the decision not to utilise a collaborative model of working across Districts, there is

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Key Messages

uncertainty if there is a different model that could be agreed that would allow the Partnership to make more key decisions. As this was one of the original intentions of the Partnership we would recommend that options are examined as part of the partnership review process. This review should also revist the Terms of Reference for the LWP to ensure that the key requirements for Partnership have been accurately captured and are being adhered to.

The full results from the questionnaire are attached at appendix 3 of this report. We advise the LWP to use this analysis as part of their review process.

Our review of the Joint Municipal Waste Management Strategy (JMWMS) found this Strategy is a number of years out of date and requires an urgent review. This is known by the LWP and during our visit to the 4th August LWP officer meeting it was discussed with an aspirational completion date of April 2018. However at this time there is no defined plan on how this will be developed, who will take overall ownership of the project, and how it will be resourced. While this is not enforced by DEFRA at this time, it remains the strong foundation for the LWP to plan, deliver and monitor the effectiveness of its waste management procedures.

Both the update to the LWP and the JMWMS need to be closely planned and developed, with all delegates feeding into the process and taking ownership. We would expect to see that the key JMWMS objectives be revisted and that these are SMART targets to allow for transparent monitoring. Once the JMWMS has been refreshed and agreed, we would expect this to be a live document that is regularly revisted and where necessary updated over its lifetime.

The changes that we have recommended for the Partnership to undertake are not "quick wins". To impliment them will require a sustained and committed effort from all delegates. However based upon the responses of the questionnaire, we are confident that this task will be delivered by the Partnership.

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Areas of Good Practice

During our review we found that:

- ✓ The governance in place for managing the LWP meetings is appropriate. We found that the meetings are suitably scheduled, have agendas in place, result in clear minutes, and there is a designated and elected Chair
- ✓ The Partnership is passionate about positive change and displays an intent to making key improvements to the way that they operate
- ✓ Attendance at both the main LWP meetings and the Officers meeting is uniformly high by all participants within the Partnership

The action plan is intended to provide the LWP with the catalyst to impliment key changes and self assessment, as well as deliver recommendations on how to further strengthen both the LWP and the JMWMS.

We would like to thank all representatives of the LWP for their support during this audit, and for the time taken to complete the questionnaire.

Appendix 2 – Executive Summaries of reports giving Limited or Low Assurance

Management Response

This audit has been welcomed by all Partner Councils of the LWP as it has helped us all to put some clarity and evidence surrounding the environment which we are presently working within. It is clear that there is a strong will and commitment by the LWP to provide the best waste service that we can afford, for the benefit of Lincolnshire residents.

The LWP is critical to making sure that all Partner Councils continued to support and resource the collection, delivery and processing of the presented waste streams. This audit provides us all with a reality check on our collective working practices, acknowledgement that we all need to work better together and gives us a clear opportunity to move positively forward towards a more effective and efficient partnership.

It has clearly been highlighted throughout this audit report that there is need to have an up to date JMWMS that provides the strategic direction for sustainable waste management across the County. The statutory duty is on the County Council to ensure a JMWMS is in place and that it is fit for purpose to the challenges which all Partner Councils are, and will be facing. However, this is a joint strategy which cannot be successful without the knowledge and experience of all Partner Councils and this audit provides the focus and accountability to achieve this goal.

The success of the LWP is in our hands and I am sure that we all agree that by working together we can have a JMWMS and a LWP that we can all be proud of.

Appendix 3 – Internal Audit Plan 2016/17

Audit Area	Assurance Being Sought	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Given
Commissioning Strategy 1: Children are Safe and Healthy					
Families Working Together	Audit sign off as per the requirements of the grant.	Aug 16	Aug 16		1st Grant sign off complete
Child Sexual Exploitation (CSE) joint working	Confirm a strategy and local action plan setting out the roles and responsibilities of all partner organisations is in place. Adequate data and intelligence gathering arrangements exist between key providers to ensure a joined-up response in dealing with children at risk of sexual exploitation.	Jun 16			Initial work halted due to unexpected departure of auditor – Scheduled to restart Quarter 4
Missing Children	Confirm that LCC complies with its statutory requirements in relation to missing children to include consideration of risks in relation to Child Sexual Exploitation and Radicalism. Assurance will be sought over 3 strands: • Children missing education • Children not receiving 25 hours education per week Our audit will leverage assurance from other sources of recent review, where possible.	Nov 16	Nov 16		Draft report stage

		Commissioning Strategy 2:		**Learn and Achieve**	
Social Care and SEND transport	Over transitional arrangements from the current providers to the new arrangements that will commence January 2017	**Aug 16**	**Aug 16**		Complete – High Assurance
Inclusion	Verify that the 'Inclusive Lincolnshire' strategy is embedded across Lincolnshire education settings and how the Behaviour Outreach Support Service (BOSS) success is measured and reported.	**Feb 17**			Scheduled Q4
Local Authority Arrangement for Supporting School Improvement	Sufficiency of transition arrangements for moving from a contracted service to a sector led approach.	**Feb 17**			Scheduled Q4
		Commissioning Strategy 6:		**Carers**	
CSC Carers Team	Confirm Carers mobilisation plan complete and progress made against delivery of this plan.	**Aug 16**	**Aug 16**		Scope changed to support through consultancy - Complete
		Commissioning Strategy 7:	**Adult Frailty, Long Term Conditions and Physical Disability**		
Workforce Development	That the workforce development plan is embedded and delivery arrangements and monitoring are effective to develop and maintain a skilled workforce.	**Sep 16**	**Jul 16**	**Sep 16**	Complete – Limited Assurance
Assessment of needs / Annual care assessments	That there are effective processes and procedures are in place to ensure that timely reviews/reassessments of current and new service user's needs are being undertaken.	**Sep 16**	**Aug 16**		Draft report stage
Provider payments – validation and data quality	Confirm there are effective systems and processes in place for validation and authorisation of payments to various providers of care and support for Adults.	**Jan 17**			Scheduled Q4
Better Care Fund	Confirm adequacy of governance, financial management and performance monitoring arrangements to ensure the BCF meets its objectives in the medium term.	**Jun 16**	**Jun 16**		Complete – Substantial Assurance

Commissioning Strategy 8:	Safeguarding Adults				
Adult Safeguarding – Follow up of Peer review action plan	That actions resulting from the June 2016 peer review of adult safeguarding are progressing as agreed and ensuring desired outcomes.	**Feb 17**			Scheduled Q4
Domestic Homicide Reviews	Follow up of Domestic Homicide Reviews involving LCC to confirm that agreed actions have been taken or are progressing and that lessons learnt are embedded.	**Jun 16**	**Jun 16**		Audit stopped due to client – Jul 16
Commissioning Strategy 9: Enablers and support to the Council's outcomes					
SERCO – Agresso Post Implementation Review	Review of the implementation of Agresso throughout the key stages of the project, go live and post implementation issues and resolution in order to identify lessons learnt	**Jun 16**	**Jun 16**	**Nov 16**	Complete
ICT - Key Application Audit – Agresso	Overall Administration of this key application, to include Access, Security and Processing controls.	**Not Scheduled**			
ICT - Key Application Audit –Case Management System (MOSIAC)	Overall Administration of this key application, to include Access, Security and Processing controls.	**Sep 16**	**Sep 16**		Draft report stage
ICT Audit	Scheduling of individual ICT audits to be agreed in year. Possible areas for focus include: • ICT provider governance arrangements • ICT strategy • Data Sharing • Change Control We will discuss and agree the final ICT plan with the Chief Commissioning	**Not Scheduled**			
Contracts	Management of capital and revenue contracts	**Dec 16**	**Dec 16**		In progress

Commissioning Strategy 10: How we do our business					
Corporate Policies and Procedures	Assurance over effectiveness of Corporate Policies and Procedures in providing the 2nd line of the 3 lines of assurance model.	Jun 16	Jul 16	Jan 17	Complete – High Assurance
Scrutiny functions	Assurance over effectiveness of Scrutiny functions in providing the 2nd line of the 3 lines of assurance model.	Sep 16	Sep 16		Complete – High Assurance
Pension Fund	British Wealth Funds - this will change how money is invested and will result in changes for Pensions Committee	Mar 17			Planned – Q4
Bank reconciliation	Key systems that support the running of the Council's business and ensure compliance with corporate policies and legal requirements.	Sep 16			In progress
Payroll		Feb 17			Scheduled Q4
Income	How often Internal Audit review these activities depends on previous assurance opinions, when we last examined the activity and if there has been any significant changes to the system or senior management. We also consider the requirements of External Audit.	May 16	May 16		Complete – Substantial Assurance
Creditors		Feb 17			In progress
Debtors		Jun 16	Jun 16	Nov 16	Complete – Limited Assurance
Treasury Management		Nov 16	Nov 16	Jan 17	Complete – High Assurance
VAT	Agresso has impacted and system not working smoothly as previous. Possible change in risk rating from HMRC	Aug 16	Dec 16		In progress
Key Control Testing	Delivery of key control testing to enable the Head of Internal Audit to form an opinion on the Council's financial control environment.	Jan 16			In progress
Key Controls – Starters, Leavers and Changes (Schools)	Delivery of HR key control testing at a sample of schools to enable the Head of Internal Audit to form an opinion on the Council's financial control environment.	Jul 16	Jul 16		Draft report stage
Schools	Periodic audits of maintained schools.	Throughout year			In progress – 5 delivered

Commissioning Strategy 11: Protecting the Public					
Trading Standards	Capacity issues are managed using a risk based methodology and the future model based on income generation is realistic and deliverable.	**Sep 16**	**Aug 16**	**Jan 16**	Complete – Substantial Assurance
Commissioning Strategy 12: Sustaining and growing business and the economy					
European Regional Development Fund	Accounts are adequate to support expenditure in line with grant conditions.	**Jul 16**	**Oct 16**		Draft report stage
Commissioning Strategy 13: Protecting and sustaining the environment					
Joint Waste Management Strategy	Review to provide assurance on waste management strategy applied. To include management of overspends – prediction and prevention.	**Jun 16**	**May 16**	**Nov 16**	Complete – Limited Assurance
Local Enterprise Partnership Grant sign off	Verification and audit sign off to confirm appropriate use and spending of the LEP capital grant 2015/16	**Jul 16**	**Jul 16**	**Jul 16**	Complete
Local Enterprise Partnership – National Assurance Framework	That the Great Lincolnshire Local Enterprise Partnership conforms to the National Assurance Framework for LEP which was revised October 2016	**Jan 16**			Planning
Commissioning Strategy 14: Sustaining and developing prosperity through infrastructure					
Highways Maintenance Contract	**Consultancy -** Support and advice on project to implement the recommendations of the 'Cranfield University work'.	**Aug 16**	**Nov 16**		In Progress
Planning software procurement	**Consultancy -** Support and advice in procurement and development of a new planning management system to ensure adequate governance, risk management and controls.	**Apr 16**	**Apr 16**		Concluding
Transport Connects – 'Teckal' Trading Company	**Consultancy –** Support and advice on the Governance, Risk Management and Control arrangements for the setup of this 'Teckal Company' to provide passenger transport.	**May 16**	**May 16**	**Jul 16**	Complete
Commissioning Strategy15: Community Resilience and Assets					
Heritage sites	Effective governance and financial and stock management in key sites	**Mar 17**	**Dec 16**		In progress
Commissioning Strategy 16: Wellbeing					

Local Commissioning Framework	The effectiveness of the new Local Commissioning Framework. The Framework will be tested using the Libraries procurement as a sample.	**Sep 16**	**Jan 17**		Scoping
ICES	The new contract is being effectively managed and is delivering efficiencies as set out.	**Dec 16**	**Nov 16**	**Dec 16**	Complete – Limited Assurance
Commissioning Strategy 17: Enablers and support to key relationships					
Partnership Management	High level review of the process in place for managing and monitoring partnerships.	**Aug 16**			Scheduled Q4
Other relevant Areas					
Combined Assurance	Updating assurances on the Council's assurance map with senior managers and helping to co-ordinating the annual status report.	**Nov 16**	**Oct 16**	**Jan 17**	Complete
Follow up work – Joint Commissioning Board	2nd Follow up on progress made with the action plan from this key 2014/15 audit	**Sep 16**	**Sep 16**		Draft report stage – waiting on PWC
Follow up of Recommendations	Audit Reports issued during 2015/16 where an audit opinion of 'Limited' or 'Low' will be followed to establish progress in implementing agreed management actions.	**Nov 16**			
Advice & Liaison		**Various throughout the year**			In progress
Annual Report		**Jun 16**	**Jun 16**	**Jun 16**	Complete
Local code of Governance	To develop a toolkit which will then be used to assess the council's code of governance against the revised CiPFA SOLACE guidance on good governance	**Aug 16**	**Aug 16**	**Oct 16**	Phase 1 complete
Annual Governance Statement	Support development of the AGS and review of the local code of gov in light of the revised CiPFA SOLACE guidance	**Jun 16**	**Jun 16**	**Jul 16**	Complete
Audit Committee		**Various throughout the year**			In progress

Appendix 4 – Overdue Actions at 31st December 2016

Audit Area	Date	Assurance	Agreed Actions	Implemented	Overdue		Not Due
					H	M	
Coroners	June 2014	Limited/ Substantial	52	46	4	2	0
Home to School Transport	Jan 2015	Substantial	14	12	0	2	0
Information Governance	Mar 2015	Limited	15	12	3	0	0
Ethnic Minority & Traveller Education	May 2015	Substantial	4	2	0	2	0
Adult Safeguarding	July 2015	Substantial	6	4	0	2	0
Business Continuity	January 2016	Limited	4	1	1	0	2
Payroll Audit 1 2016	March 2016	Low	27	26	1	0	0
Freedom of Information	Apr 2016	Substantial	6	5	0	1	0
Mental Capacity Act	June 2016	Substantial	4	3	0	1	0
Payroll – Key controls 2016	July 2016	Low	50	28	14	2	6
Pension Contributions 2015/16	July 2016	Low	48	19	18	4	7
Accounts Payable – Key Controls	July 2016	Limited	10	2	4	4	0
Income	Sept 2016	Substantial	10	5	1	3	1
Key Controls – General Ledger	Sept 2016	Limited	4	2	0	2	0
Debtors	Nov 2016	Limited	15	3	3	3	6
Absence Management	Nov 2016	Limited	12	8	0	3	1
Lincolnshire Waste Partnership	Nov 2016		15	3	1	0	14
		Totals	296	181	50	31	37

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