

Combined Assurance Status Report

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What we do best...

Innovative assurance services

Specialists at internal audit

Comprehensive risk management

Experts in countering fraud

...and what sets us apart

Unrivalled best value to our customers

Existing strong regional public sector partnership

Auditors with the knowledge and expertise to get the job done

Already working extensively with the not-for-profit and third sector



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Introduction

This is the sixth combined assurance report for the Commercial Team within the Council.

By grouping the different sources of assurance in a single model we provide the basis for Senior Management and Audit Committees to gain a better understanding of their organisations assurance status and needs.

We do this by coordinating assurance arrangements – providing some structure – this is our Assurance Map.

We have well established Assurance Maps that help us to focus our work plans on the make or break risks that affect the successful delivery of services and strategic objectives. The Maps also recognise the importance of critical business systems that support successful delivery and ‘protect the business’ – the due diligence activities.

The Maps give an overview of assurance provided across the whole organisation – not just those from Internal Audit – making it possible to identify where assurances are present, their source, and where there are potential assurance ‘unknowns or gaps’.

The Maps are an invaluable tool for senior managers, providing a snapshot of assurance at any point of time. This report explores those assurances in more detail.

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.

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, operational risk registers or associated with major new business strategy / change.
- **Key projects** – supporting corporate priorities / activities.
- **Key partnerships** – partnerships that play a key role in successful delivery of services



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Methodology

To ensure our combined assurance model 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.
- Considering other information and business intelligence that feed into and has potential to impact on assurance.

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.



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Key Messages

The Commercial Team operates two teams delivering contract management, procurement and commercial activity and a Projects and Performance Team principally delivering project management.

The Commercial Team has continued to deliver and support a host of new procurements a number of which have been recommissioned to ensure that services meet the specified outcomes in a way that delivers best value. In excess of 60 procurements are delivered or supported at any one time including projects for the shared procurement service, ranging in scope from the Wellbeing Service, Residential Rate Review, flood defence work, multi-functional devices, mobile phones and dead body removals.

The team continues to build on the Council's strong relationship with the Health sector and is currently leading on a potential joint commissioning programme with health partners, with expertise and commercial services from the team being made available to CCG's for the delivery of community services

Public Health contracts are now embedded with the contract management framework and the team's risk management tool is being developed to include all primary care contracts, which include 170 contracts with GP practices and 30 pharmacy contacts covering nearly 100 pharmacies across the county.

To complement the existing contract management framework an in-depth 'poor practice concerns' process has been developed for use with Audit Care contracts. The 'serious incident' reporting process has been refreshed and launched with providers of Public Health services.

The team is responsible for the contract management of Serco and we do this robustly to ensure that Serco does what it said it would within the contract price. Work continues on the outstanding transformational work, particularly in relation to IMT.

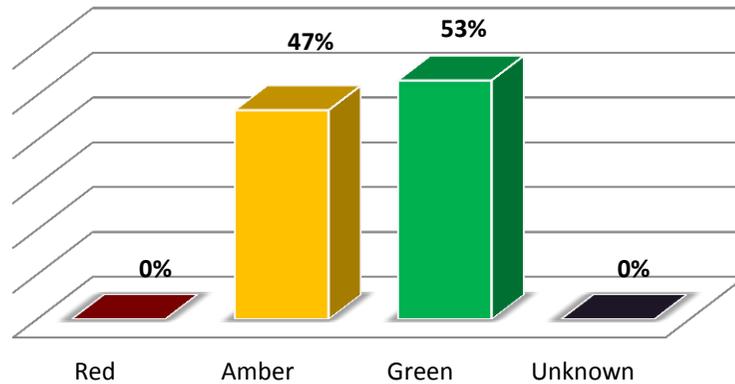
The project managers within the Team were fully deployed on Council priority projects including Blue Light collaboration, Children's 0-19 Health Services and Fairer Funding.

The recently established Commissioning and Commercial Board, which the Team manages, provides additional governance to help ensure effective commissioning throughout the Council.

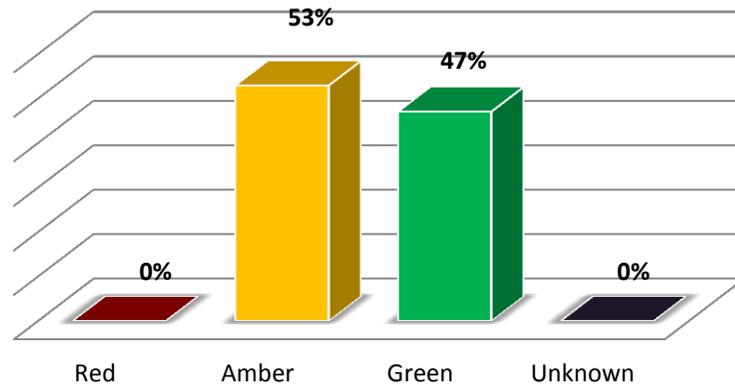


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Overall Assurance Status 2017/18



Overall Assurance Status 2016/17



Suggested next steps.....

2018/19 will continue with contract management, procurement, project management and commercial challenges including:

- Continuing to maximise commercial opportunities
- Continuity to ensure that Serco provide services in accordance with the commercial terms agreed and delivers all outstanding transformation work
- Supporting the Council's waste agenda and the re-procurement of the highway's contract
- Continued support and development within the care sectors, focusing on key issues such as recruitment, retention, challenges on homelessness and future direction and funding of Health and Social Care
- Supporting the recommissioning of the Housing Related Support service, which helps individual's retain their tenancies
- Developing joint commissioning opportunities with health;
- Continuing to support high profile projects

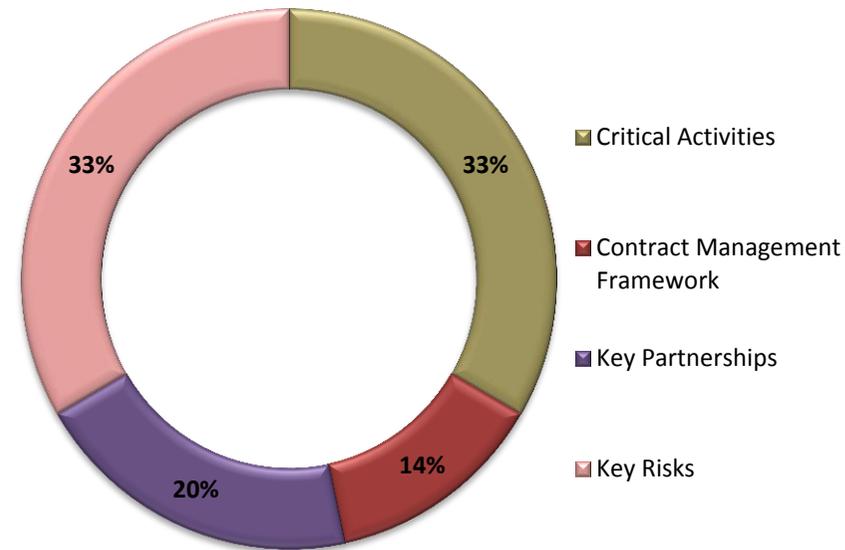


Critical Systems

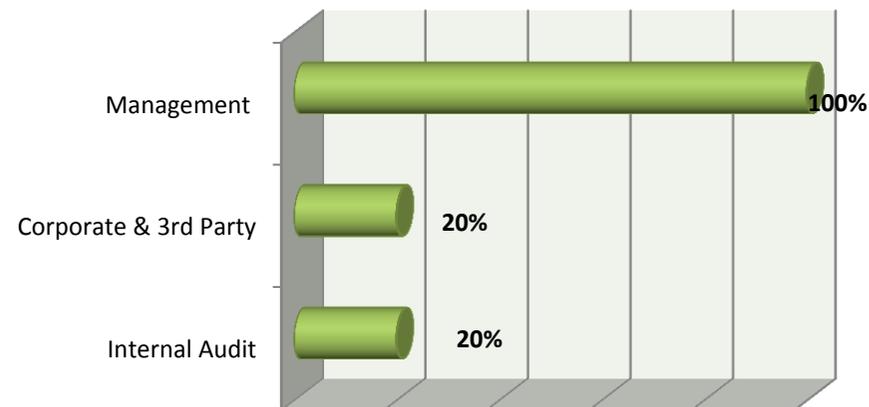
The overall assurance statuses for the critical activities identified is a combination of high and medium assurance. There has been audit activity of Public Health contracts that transferred to the Team in 2016. Whilst audit gave limited and substantial assurance surrounding historical issues, new governance arrangements are now in place with contracts managed through the contract management framework and risk management tool.

The Team continue to ensure procurement guidance remains up to date and provide support to ensure that such requirements are properly understood and implemented. The Team and the wider Council are supported by a comprehensive training framework in order to keep up to date with any changes in procurement requirements.

Serco's KPI performance overall has shown continued improvement in the latter quarter of 2017 and they are now consistently meeting all or most of their KPI's. However, the channel shift including IMT transformation promised by Serco still remains outstanding. Work continues with resources from the team supporting the activity with an anticipated implementation date during 2018.



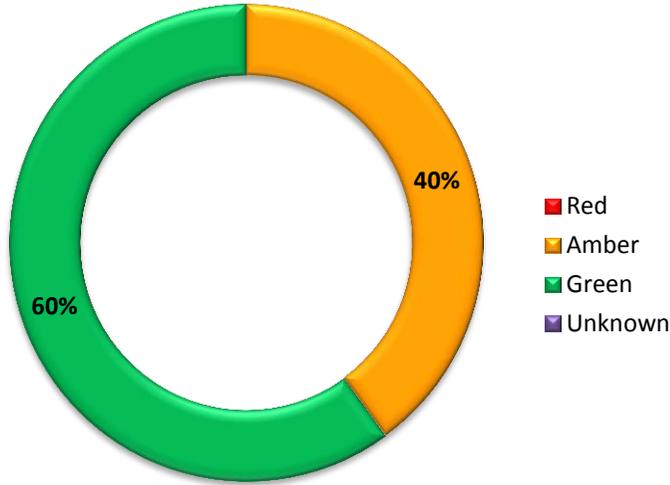
Who Provides Your Assurance





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Critical Activities



Overall Comments

Demand for the Commercial Team's services remains high particularly in the areas of procurement, contract management and project management support.

Management takes responsible for assurance activity and advice given by the Team

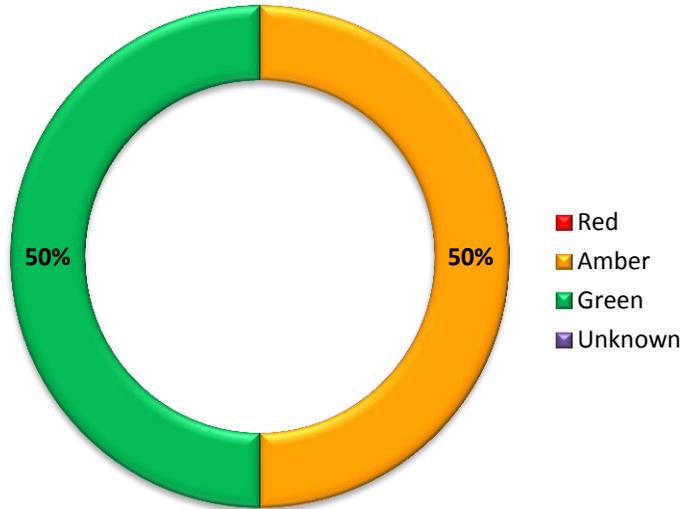
Overall Assurances

Green	Amber
Guidance on good procurement and compliance assurance activity	Contract management Serco
Contract management – Adult care	Contract management Public Health
Management of Commissioning and Commercial Board	



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Key Projects



Overall Comments

The contract management framework is now implemented and provides a step change in how the team delivers contract management and provides a clear oversight for management as well as ensuring a consistent approach across the portfolio of contracts held.

The government has currently an open consultation 'Fair funding review: a review of relative needs and resources' which closes in March 2018. Work on this project will continue following the outcome of the consultation and its impact for the Council.

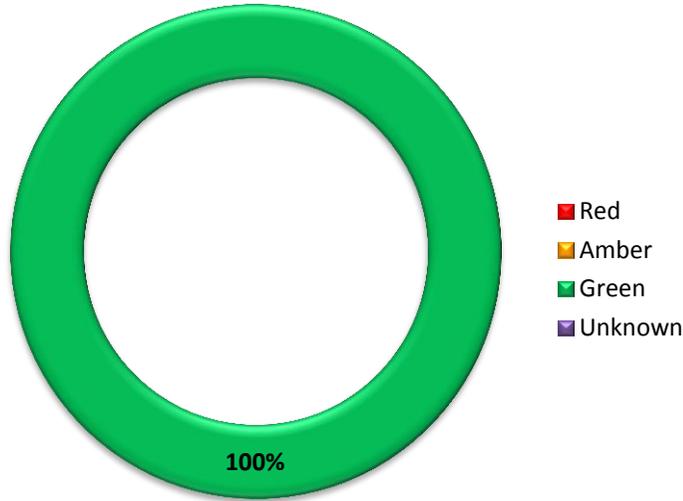
Overall Assurances

Green	Amber
Contract Management Framework	Fairer Funding



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Key Partnerships



Overall Comments

Procurement Lincolnshire a shared procurement resource hosted by the Commercial Team is operating well and delivering against its performance indicators. One district partner will be leaving the shared service in March 2018, the overall work programme has not fallen as a result of this as other partners demand for services remains strong and the complexity of the work increases. Any freed up resource will be used to support the other partners.

The Council continues to be a member of ESPO and the work it carries out particularly in the creation of Frameworks complements the more bespoke activity carried out by the Commercial Team.

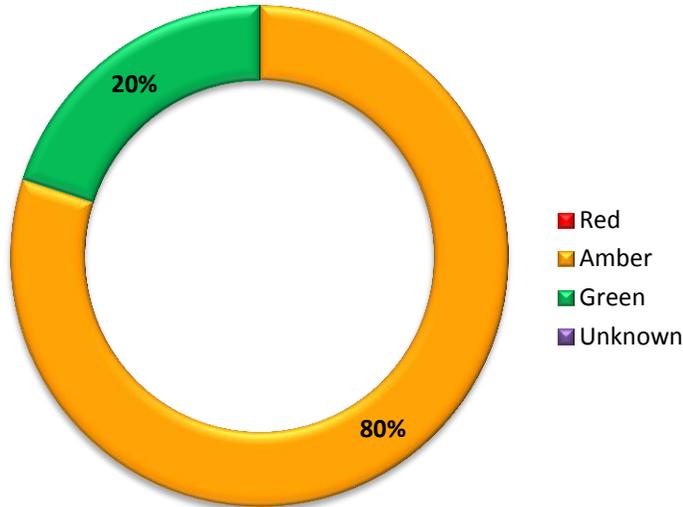
Joint working with health partners continues to develop through the successful partnership working with Lincolnshire Community Health Service

Overall Assurances

Green
Procurement Lincolnshire
Lincolnshire Community Health Service
ESPO



Key Risks



Green	Amber
Projects (S)	Strategic Contracts (S)
	Insufficient Resources to deliver work (o)
	Brexit – impact on market prices (E)
	Brexit – impact on Procurement regulations(E)

Strategic Risks

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

Projects

Strategic Contracts

As part of the agreed fundamental review of the strategic risk register the regular updating of the register is being placed on hold to ensure full consideration is given to existing strategic risks, new emerging risks and any impacts from the increase in risk appetite statements is taken into account. The current strategic risks remain in place.



Corporate Governance

Our Combined Assurance model focuses on assurance against critical systems, projects, risks and partnerships. This helps the organisation to understand corporately where it's performing well and where improvements are required. Many of the Council's critical services and systems underpin a sound corporate governance framework. In this section we set out how the Council has approached corporate governance, complied with guidance and obtained assurance on its significant governance issues.

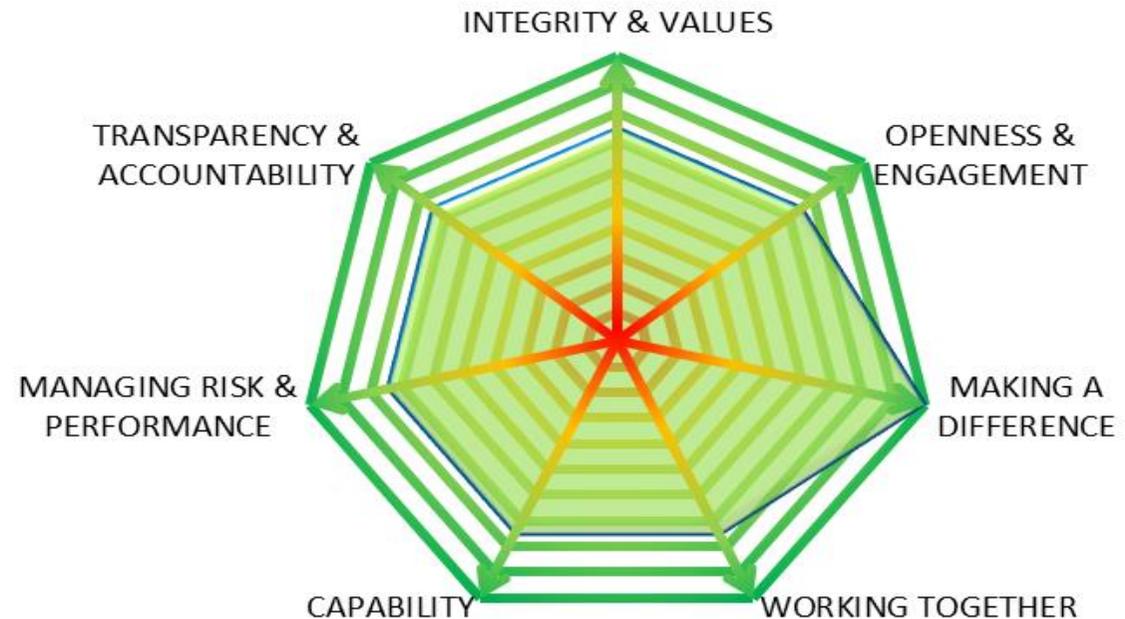
The Council must ensure that it meets the highest standards and that governance arrangements are not only sound but are seen to be sound. It is crucial that leaders and chief executives keep their governance arrangements up to date and relevant. Council's should develop a local Governance Code which reflects the "delivering good governance in local government framework (CIPFA/SOLACE 2016)" (the framework).

The framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Whatever form of arrangements are in place, authorities should therefore test their governance structures and partnerships against the principles contained in the Framework.

At Lincolnshire County Council this was independently assessed during November 2016 and assurance given over

the evidence supporting good governance arrangements for each of the 7 Principles. All assurances were high or substantial.

Evidence demonstrating good governance



The assessment identified some areas for improvement in relation to governance arrangements for collaborative working (partnerships) and ethical governance. Audit work is underway to support improvements and provide further assurance in both of these key areas.



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Annual Governance Statement

The assessment against the code, among other things, helped to inform the Council's Annual Governance Statement 2016/17. Overall this confirmed that the Council has the appropriate systems and processes in place to ensure good governance is maintained. The review did identify a number of areas for improvement.

Key Improvement Area
IT Governance
Financial Sustainability
Financial Control Environment
Market Supply (Adult Social Care)
SERCO Contract – Lessons Learnt
Delivery of Support Services and Improvement – SERCO
Collaborative Working – Governance Arrangements

During 2017/18 the Council is working to address the matters identified and is monitoring implementation and operation as part of performance management – which is reported to the Council's Corporate Management Board and the Executive. The Audit Committee are also helping with independent assurance during the year