

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.



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- **Key partnerships** – partnerships that play a key role in successful delivery of services

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 is responsible for procurement across much of the Council, contract management of services within the Adult Care & Community Wellbeing Directorate and of the corporate support services contract. The team carries out market management and market intelligence is being developed. An overarching Commercialisation Strategy and action plan potentially transforming the Council's approach to operating more commercially has been agreed and will be implemented following the arrival of the Commercial Director.

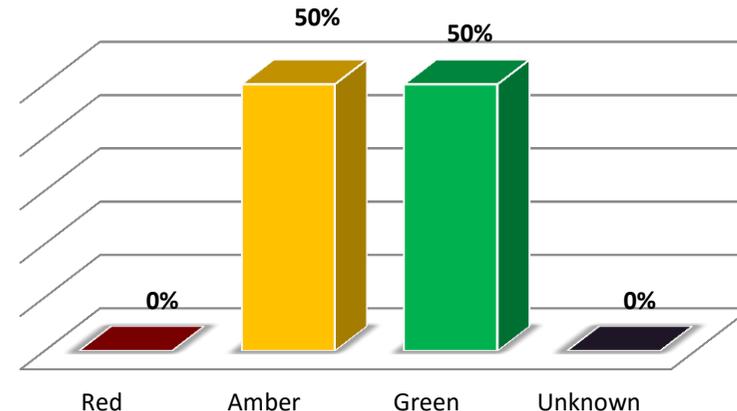
Effective market support by the Team in the Adult Care sector has seen material improvements in CQC provider ratings in county. The Team's work was commended by the Adult Social Care Peer review in May 2018. "We were very impressed with your contracts management, commissioning and procurement processes, they are well established in Lincolnshire and your relationships with, and involvement of, your providers is excellent."

The Team has extended its remit within the Council and as a result is now providing procurement to Waste Services whilst working on key strategic activity, including the development work for the Council's future IT service, the new Highways Alliance contract worth over £500M, and the development of a new waste commissioning strategy.

Performance under the corporate support services contract has improved significantly, substantial assurance has been attained on the payroll function and the Council's strategic partnership with Serco has been extended in large part for a further 2 years until 2022 at a price which is affordable.

A draft Procurement Strategy for April 2019 has been developed and will go to the Commissioning and Commercial Board in January for review. This advocates the use of frameworks where possible to preserve resource for more strategic procurements.

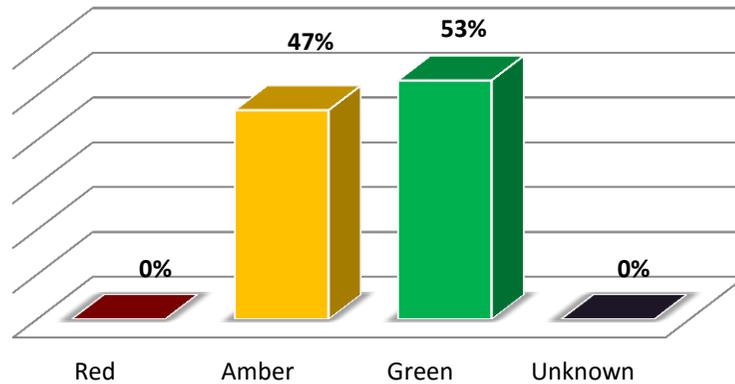
Overall Assurance Status 2018/19





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Overall Assurance Status 2017/18



to the safe and effective delivery of services. Choice is increasingly difficult to secure in some parts of the county. We have also seen reduced interest in procurement opportunities, with recent examples being IT Services, Leisure, Fleet, Waste and in some areas of the county's Transport. Furthermore, there is no obvious market at all, for some local council outsourced back office services, such as Payroll, Customer Service Centre and Payments.

These external factors need to be reflected in the Council's commissioning decisions so that strategies can be devised to manage the fragile market. Continued Council working with Health should be beneficial to the Adult Care and Wellbeing market place and should the day to day support offered by the Council.

Suggested next steps.....

KEY CHALLENGES:

Broader pressures within the market are being felt with local government no longer being the market of choice for many. We have seen Carillion and Allied Care fail this year and the profits of other large well established providers are falling.

In the Health and Social Care system staff recruitment and retention particularly nurses continues to represent a real risk

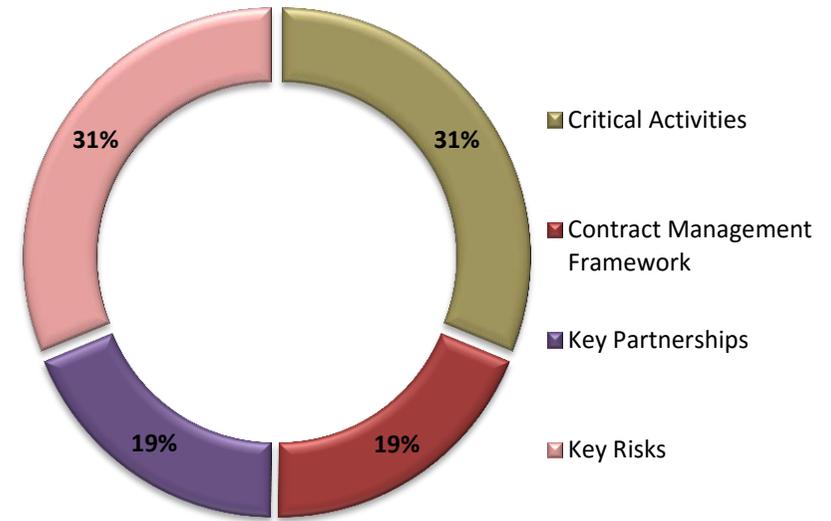


Critical Systems

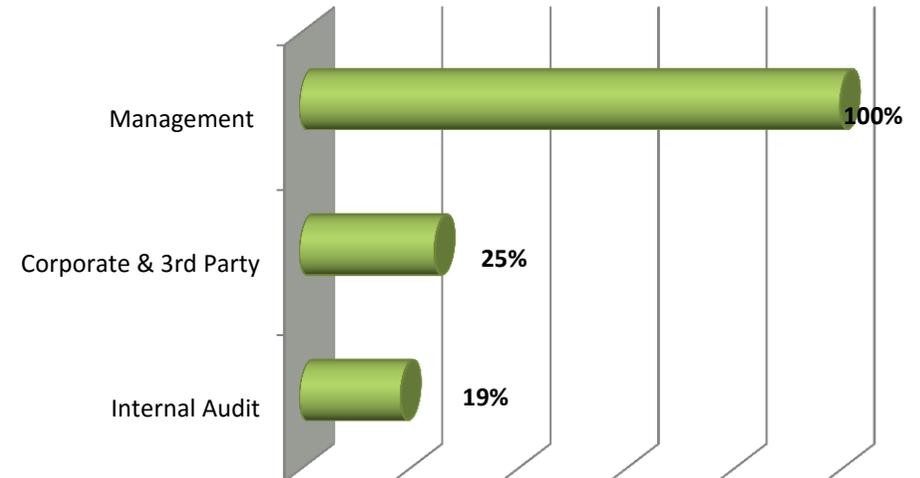
The contract management framework continues to be used effectively. To date it has not been possible to digitise it but this continues to be a work in progress.

The Team continues to maintain current procurement advice focusing on the most critical areas of compliance such as evaluation. 24 days of advanced regulatory training has been delivered across the Council over the last 18 months and all high value procurements within the Council have been supported.

Serco's KPIs are meeting all of their challenging KPIs most of the time. It has been agreed that Serco are no longer responsible for the channel shift activity committed to in 2015 instead the Council has contracted for a new web platform with Jardu and the expectation is that by the summer it will be possible to carry out increased transactional activity on the web.



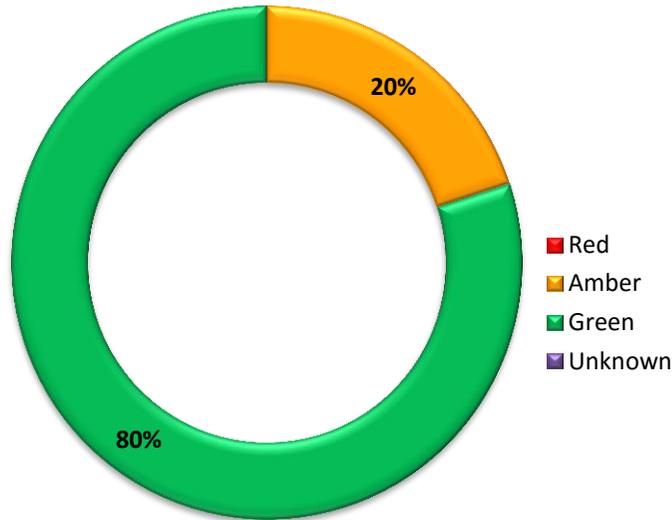
Who Provides Your Assurance





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Critical Activities



Overall Comments

Demand for services and support remains high.

The Team sometimes has little oversight of the Council's commissioning and procurement intentions. A single programme of work managed and maintained across the Council would help manage this. A clear understanding of commissioner and commercial roles and streamlined governance where appropriate, would release some additional capacity to cope with increasing workloads.

Management takes responsibility for assurance activity and for the advice given by the Team.

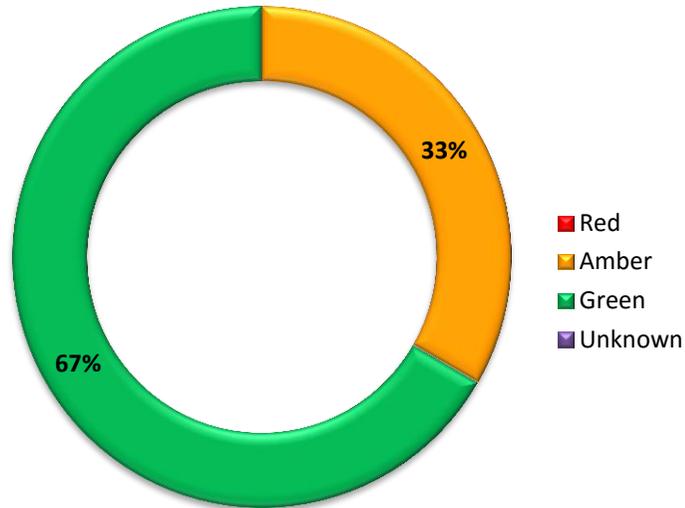
Overall Assurances

Green	Amber
Guidance on good procurement and compliance assurance activity	Procurement
Contract management Adult Care and Community Wellbeing	
Management of Commissioning and Commercial Board	
Contract management Serco	



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Key Projects



Overall Comments

The Team has put together a proposed prioritised plan for the implementation of commercialisation practices across the Council. This will be reviewed with the Commercial Director shortly after he arrives at the Council. Until then commercial activity will continue to be delivered to key projects and the Commissioning and Commercial Board will continue to meet.

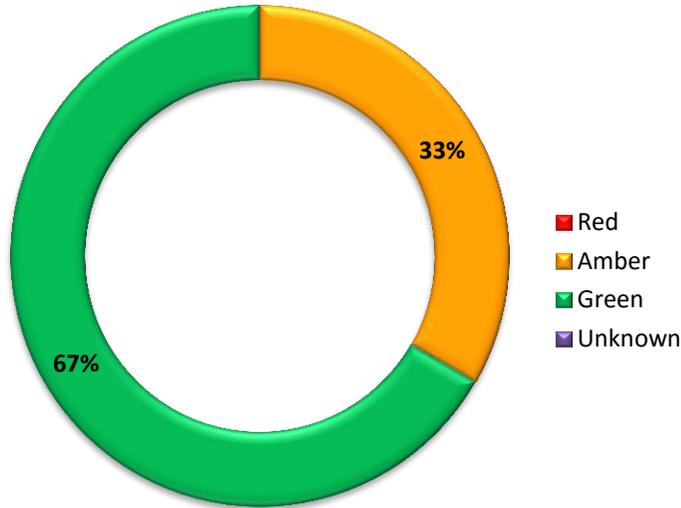
Overall Assurances

Green	Amber
Contract Management Framework	Fairer Funding
Commercialization Project	



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Key Partnerships



Overall Comments

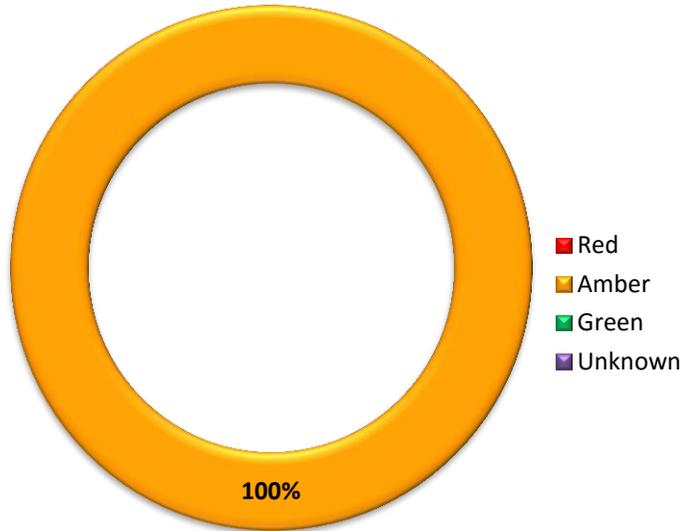
The shared procurement service Procurement Lincolnshire continues to operate but there are now only 2 District Councils who are full members of Procurement Lincolnshire. This could lead to funding difficulties in the future but to help mitigate that flexible arrangements have been put in place enabling the Districts to buy as much or as little of the service as they like and they are taking advantage of this which is securing additional funding into the Team. Further for now the high demand for support to the County Council has more than displaced any reduced District Council demand.

Overall Assurances

Green	Amber
Lincolnshire Community Health Service	Procurement Lincolnshire
ESPO	



Key Risks



Amber
Strategic Contracts (S)
Insufficient Resources to cope with peaks in demand including supporting all council priorities (O)
Capacity of residential homes (O)
Capacity of workforce community based service (O)

Strategic Risks

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

Strategic Contracts

As part of the agreed fundamental review of the strategic risk register the current strategic risk remains in place and no additional strategic risks were identified.



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Strategic Risk Register

Version: 1.2

Reviewed: January 2019 (links to Commissioning Strategies January 2015)

Owner: Chief Executive

No of Risk	Risk Own	Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)		Current risk score	Target risk score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions
9	Sophie Reeve / CX	Strategic contracts Ensuring contracts and markets (other than adult care) are fit for purpose	Creative & Aware (Finance & money) - We wish to reduce cost and improve performance by well measured risk taking incorporated into our contracts which accurately and comprehensively record the commercial deal struck. We are prepared to fund capital expenditure where it makes sense to do so.	Creative & aware/ cautious (Partnerships -) Recognised that we work differently with different contractors / partners)			Limited	Improving	<p>Existing controls</p> <ul style="list-style-type: none"> • Business cases • Options appraisals • Access to commercial team advice and support • Access to legal advice and support • Use of industry standard contracts e.g. NEC • Service area internal quality assurance processes • Project decision making and governance including accountable decision maker • CPPR • Contract regulations • Extended Serco Contract for at least a further 2 years <p>New / Developing controls</p> <ul style="list-style-type: none"> • Developing library of contract precedents • Developing Standard Operating Procedures • Commercial awareness training

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