

Internal Audit Annual Report 2020



What we do best...

Innovative assurance services
Specialists in 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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This report has been prepared solely for the use of Members and Management of Lincolnshire County Council. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

The matters raised in this report are only those that came to our attention during the course of our work—there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed internal audit plan.

Purpose of Annual Report

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2020. In particular:-

- Include an opinion on the overall adequacy of and effectiveness of the Council's governance, risk and control framework and therefore the extent to which the Council can rely on it;
- Inform how the plan was discharged and the overall outcomes of the work undertaken that supports the opinion;
- A statement on conformance with the PSIAS and the results of the internal audit quality assurance;
- Draw attention to any issues particularly relevant to the Annual Governance Statement.

Annual Opinion

For the twelve months ended 31 March 2020 the Council's arrangements for governance, risk management and control is unaffected by the coronavirus. That said, my opinion needs to be contemporary and take into account its impact on the Council's governance, risk and control environment.

Based on the work we have undertaken and information from other sources of assurance, my opinion on the adequacy and effectiveness of the Council's arrangements for governance, risk management and control is:

Governance



Performing Adequately – Some improvements identified over the Council's Governance, Risk and Control framework or to manage medium risks across the Council

Risk



Performing Adequately – Some improvement required to manage a high risk in a specific business area and medium risks across the Council

Internal Control



Performing Adequately – Some improvement required to manage a high risk in a specific business area and medium risks across the Council

Financial Control



Performing Adequately – Some improvement required to manage a high risk in a specific business area and medium risks across the Council

This opinion is however **caveated** as it **not possible for us to quantify** the additional risk arising from the Council's response and recovery or the overall impact on the framework of governance, risk management and control.



"Achieving the Intended Outcomes While Acting in the Public Interest at all Times"

It is comprised of systems, processes, culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

Each year the Council is required to reflect on how its governance arrangements have worked – identifying any significant governance issues that it feels should be drawn to the attention of the public – in the interests of accountability and transparency.

The Audit Committee helps to ensure that these arrangements are working effectively. They regularly review the governance framework and consider the draft and final versions of the Annual Governance Statement.

The statement has highlighted one significant governance issue - reviewing lessons learned from the Council's response to Covid-19 – implementing a re-set plan over the short, medium and longer term. Other improvement areas identified as part of the review – included:

- Better governance and oversight of key projects
- Delivery and oversight of transformation programme
- Implement improvement actions from the Peer Review and Employee Survey.

In September 2019 the Council received a Corporate Peer Challenge through the Local Government Association. The feedback provided was positive stating that:

'Lincolnshire County Council is a stable, reliable and solid organisation delivering good quality services to residents'.

The review recognised the work being done towards a 'One Council' ethos underpinned by the new Corporate Plan and Transformation Plan.

The Peer Challenge report made six key recommendations to support internal improvements and further develop our relationships with partners to deliver on shared ambitions for Lincolnshire communities.

Governance framework



Performing Adequately



"Achieving the Intended Outcomes While Acting in the Public Interest at all Times"

It is comprised of systems, processes, culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

During 2019/20 the Council reviewed its Member Code of Conduct in the light of the recommendations of the Committee on Standards in Public Life.

It also undertook a review of its Overview and Scrutiny arrangements in the light of Statutory Guidance issued on local authority scrutiny arrangements by the government.

A new Corporate Leadership Team and management structure was implemented during 2019/20 – with a new Corporate Plan agreed by the Council in December 2019. A transformation plan and success framework is being developed.

The onset of Covid19 and subsequent lockdown has had a significant impact on all areas of the public sector. The impact on governance will be felt by all organisations and there will be some aspects experienced by all, for example changes to decision making arrangements and the conduct of meetings. Other aspects will reflect changes to the organisation's priorities and programmes.

We note that the Council's governance arrangements have adapted well to the emergency.

In March 2019 we completed a Governance Review into the Council's culture and values. We found effective arrangements in place and identified a number of improvements as part of this review which are being actioned across the Council. Progress on delivery of these improvements was reported to the February 2020 Audit Committee.

An employee survey was undertaken in November 2019. The completion rate was 48% of the workforce.

57% of staff thought that the Council operates and work well as One Council but wanted to know more about what 'One Council' is and how it will work.

Risk



Good risk management is part of the way we work. It is about taking the right risks when making decisions or where we need to encourage innovation in times of major change – balancing risk, quality, cost and affordability. This put us in a stronger position to deliver our goals and provide excellent services.

The Council's risk management arrangements is currently set at an Amber assessment through the combined assurance review (a medium level of assurance).

A review of the Council's risk management arrangements confirmed that whilst effective systems and processes are in place - these needed to be consistently applied and embedded throughout the Council. Good progress has been made in implementing improvement actions – the remaining actions will be implemented throughout 2020.

The Strategic Risk Register continues to be updated on a regular basis and reported to the Corporate Leadership Team and Audit Committee. A full update is planned in 2020.

There continues to be **Limited Assurance** over some of the Council's Strategic Risks.

It is not possible to quantify all the additional risks arising from the Council's response and recovery to Covid-19 or the overall impact on the framework of governance, risk management and control. However, the Corporate Leadership Team are actively reviewing and monitoring key risks and issues at both strategic and operational level.

The Internal Audit Plan 2020/21 will be reviewed and realigned to the Council's new operating model and changes in its risks and assurance profile.

The above information helped inform the Head of Internal Audit opinion.

Risk management



Performing Adequately

Internal Control



We take account of the outcome of our audit work during 2019/20. As our audit plans include different activities each year, it is not unexpected that assurance varies. However the assurance levels still give insight into the Council's control environment.

Our opinion is based on a number of sources of intelligence including the outcome of our internal audit work, through the combined assurance work and other sources.

Whilst the control environment up to 31st March 2020 has largely been unaffected by the coronavirus - emergency measures implemented have resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. The full impact is unknown and some post assurance will be required.

The assurance levels remain positive for the Council's systems – all key financial systems and processes have either a High or Substantial level of assurance.

Limited assurance opinions are:

- Settlements

We have **not** issued any **Low assurance** reports.

A summary of these audits can be found in appendix 1.

The Council has made good progress in implementing agreed improvement actions arising from our work.

During the year we have made 145 recommendations for improvement – 70 were due for completion by 31st March 2020 and 63 of these have been implemented.

We regularly monitor the implementation of outstanding actions – see appendix 3 for full details .

Internal Control



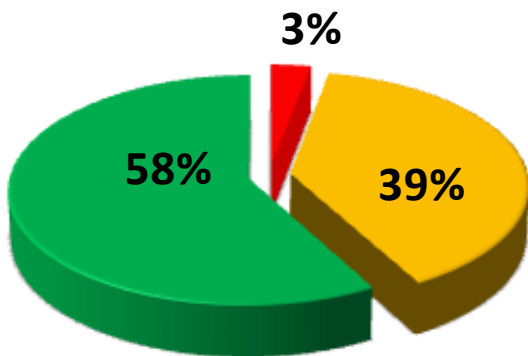
Performing Adequately



A Combined Assurance Status report is produced by each Director on the level of confidence they can provide on service delivery arrangements, management of risks, operation of controls and performance for their area of responsibility. These reports are reviewed by the Audit Committee and provide key assurance evidence to support the Head of Internal Audit opinion.

Combined Assurance Status Report

Overall Assurance Status 19/20



- Red - low level of assurance
- Amber - medium level of assurance
- Green - high level of assurance



We help co-ordinate the Council's assurance intelligence through an annual process carried out by Internal Audit across all Directorates. It provides a RAG rating view of the Council's Critical Activities, Key Projects and Key Risks.

Overall there continues to be a high level of assurance (58%) although this is lower than last year. There are new Executive Directors in post and this may represent a more realistic view of the challenges the Authority faces.

Critical activities that gave a low level of assurance are :

IMT

Asset Management Software
Network Access Controls
Payment Card Industry Data Security Standard
PSN Compliance

Assurance over 10% of activities has decreased from High to Medium since 2018/19



Our audit plans include providing assurance over our key financial systems, this is done on a cyclical basis; however the level of risk will also influence frequency.

Our work provides an important assurance element to support the External Auditor's opinion on the Council's Statement of Accounts.

Assurance levels around financial systems and processes remain positive although there continue to be some risks and issues, particularly for payroll which are managed through manual workarounds. Our reviews have confirmed that these controls are robust and consistently applied.

This represents a sound basis from which to work towards the implementation of a standard Business World solution with Hoople Ltd during 2020/21.

During the year we reviewed:

- Key control testing - all areas returning **High or Substantial Assurance**
- Medium Term Financial Strategy & Budget Preparation – **High Assurance**
- Income – **High Assurance**
- Pension Fund – **High Assurance**
- Payroll – **Substantial Assurance**
- Debtors – **Substantial Assurance**
- Pensions Administration – **Substantial Assurance**
- Financial processes in Children's Residential Homes - **Substantial Assurance**
- Fuel Card follow up – **Substantial Assurance**

The impact of Covid-19 will have a major impact on the Council's finances. This impact is unlikely to be fully realised until recovery is complete. The combination of remote working, staff redeployment and the swift introduction of new processes heightens the risk around financial control.

Financial Regulations

A Council's Financial Regulations are a key part of its internal governance and should be regularly reviewed and updated. The most recent update has been completed in 2019. Financial procedures have also been updated – setting out compliance requirements. deadline.

Financial Control



Performing Adequately



Our audit plans include providing assurance over our key financial systems, this is done on a cyclical basis; however the level of risk will also influence frequency.

Our work provides an important assurance element to support the External Auditor's opinion on the Council's Statement of Accounts.

Financial Management Code

In response to high profile financial management issues within the public sector, in October 2019 CIPFA issued a new Financial Management (FM) Code of Practice that supports good and sustainable financial management in local authorities and a toolkit to measure financial resilience. Councils must be fully compliant by April 2021 and in the intervening period demonstrate progress towards compliance. The Finance Team has completed a gap analysis and identified the actions to be completed to meet the 2021 deadline.



The Council continues to have effective counter fraud arrangements in place. The delivery and outcome of proactive counter fraud plan is monitored by the Audit Committee.

Counter Fraud

We have delivered 87% of the tasks included within the 2019/20 Counter Fraud Work Plan.

We received 19 referrals of suspected fraud during the year. 2019/20 was a successful period in terms of recovering fraud losses totalling over £114k. These amounts resulted from a combination of investigation and pro-active counter fraud work. Our awareness work also directly contributed to preventing a significant bank mandate fraud valued at £1.56m. The recovery and prevention of these losses allow these resources to be used to provide the vital services for which they were intended.

Our efforts to promote fraud awareness across the Council have continued. The e-learning package developed to raise fraud awareness has now been completed by 1555 employees and has been rolled out to schools.

We have continued to develop our proactive counter fraud activities and are now using data analysis techniques extensively in our work.

This has helped us identify frauds and overpayments but also provides valuable information on trends in areas where fraud risks are high.

We updated the Fraud Risk Register in 2019/20. Fraud risk identification is essential to understanding our exposure to the fraud threats we face. We continually update the information and intelligence so we have an accurate picture of the current status of each risk area.

We adapted and responded promptly to the increased fraud risks brought about by the unprecedented Coronavirus situation. We released communications to ensure that employees were aware of scams arising and are closely monitoring areas where fraud could occur.

A separate Counter Fraud Annual report is provided to the Audit Committee – this provides more detail on delivery of the approved Counter Fraud work plan.





The Council is responsible for establishing and maintaining risk management processes, control systems and governance arrangements. Internal Audit plays a vital role in providing *independent risk based and objective assurance* and *insight* on how these arrangements are working. Internal Audit forms part of the Council's assurance framework.

Scope of Work

Our risk based internal audit plan was prepared taking into account the critical activities and key risks to support the basis of my annual opinion. It has remained flexible to enable us to respond to emerging risks and maintain effective focus.

The Audit Committee approved the 2019/20 original audit plan of 1075 days in March 2019. This plan was reduced in Nov to 851 days and this was agreed at committee. We have delivered **94% of the revised plan** (780 days - 52 pieces of work (including 12 School Audits)).

The difference between the original and resourcing plan is a combination of:

- Reduction in resources available e.g. turnover / illness
- Impact of Covid – cancellation of scheduled audits with specialist ICT auditors and temporarily halting certain audits at fieldwork stage.



Restriction on Scope

We identified no unexpected restrictions to the scope of our work but have had difficulties in gaining access to some staff which resulted in some delay or inability to deliver planned work within the expected timescales.

The delivery of our IT Audit remains challenging and planned audits were deferred due to the impact of Covid. We have continued to liaise with Senior Management to improve support of the audit process. We have been able to gain some assurance through the Council's combined assurance process and map. We have identified the most significant risks, which will allow us to target our IT audit work in 2020/21 where it will add the most value, and will utilise specialised ICT auditors to deliver key reviews.

I do not consider the restrictions to have had an adverse effect on my ability to deliver my overall opinion. The combined assurance model adopted by the Council helped in this regard.

We have not experienced any impairment to our independence or objectivity during the conduct and delivery of the Internal

Our Work



Internal Audit's role include advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.

Other Significant Work

During the year we have undertaken grant sign off work including Families Working Together, Bus Service Operators Grant and the Local Transport Capital Funding Grant. This work confirms grants have been spent appropriately.

We completed our annual refresh and coordination of Combined Assurance which maps all assurance across the authority using the 'three lines of assurance' model. This provides the Council with insight over the assurances present on its critical activities, key risks, projects and partnerships. To support greater focus on the most significant improvement areas we produced a single report for all directorates this year rather than multiple reports.

We have continued to support the Council's assurance framework with consultancy work – this is generally proactive work where we give support and advice on governance, risk and control but do not provide an assurance opinion:

- **Business World project** – attendance at project board and steering group to provide on-going advice around governance, risk, control and business process.
- **Highways 2020 Procurement** – a member of the project working group, supporting and advising on governance, risk management and the control framework. This included assurance over the tendering process.
- **Spalding Western Relief Road** – we completed an independent review of the progress of the SWRR route options between 2012 and 2019 making recommendations for improvement around decision making and briefing of members.
- **Contract Payments Review** - Audit & Counter Fraud contributed to a corporate project on contract management by reviewing the accuracy of budget provisions and the robustness of contract payment mechanisms for a sample of contracts.



We recognise the importance of meeting customer expectations as well as conforming to the UK Public Sector Internal Audit Standards (PSIAS). We continually focus on delivering high quality audit to our clients – seeking opportunities to improve where we can.

Quality Assurance

Our commitment to quality begins with ensuring that we recruit develop and assign appropriately skilled and experienced people to undertake your audits.

During 2019/20 we continued to build upon the strong focus on developing the next generation of audit and risk professionals. We have:

- Continued with an apprenticeship scheme for our audit team.
- worked closely with the University of Lincoln to continue the year long professional practice year placement in audit and finance.
- continue to provide undergraduates with summer work experience placements.

Our audit practice includes ongoing quality reviews for all our assignments. These reviews examine all areas of the work undertaken, from initial planning through to completion and reporting. Key targets have been specified - that the

assignment has been completed on time, within budget and to the required quality standard.

There is a financial commitment for training and developing staff. Training provision is continually reviewed through the appraisal process and monthly one to one meetings.

Assurance Lincolnshire conforms to the UK Public Sector Internal Audit Standards. An External Quality Assessment was undertaken in September 2016. No areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity was identified. We are starting to prepare for our next assessment in 2021.

Assurance Lincolnshire were winners of CIPFA's Public Finance Awards 2019 for its work around Governance - culture and values.





We recognise the importance of meeting customer expectations as well as conforming to the UK Public Sector Internal Audit Standards (PSIAS). We continually focus on delivering high quality audit to our clients – seeking opportunities to improve where we can.

Quality Assurance

Our quality assurance framework helps us maintain a continuous improvement plan, which includes the following:

- Working with senior management improve progress and delivery monitoring / audit scheduling.
- Continuing professional development around new and emerging practice guidance.
- Adopting current thinking on LEAN methodology to deliver efficiencies, improve productivity and optimise the way we work- including better use of technology. / data analytics.
- Improving our performance management systems.
- Building resilience, empowerment and accountability within the team.

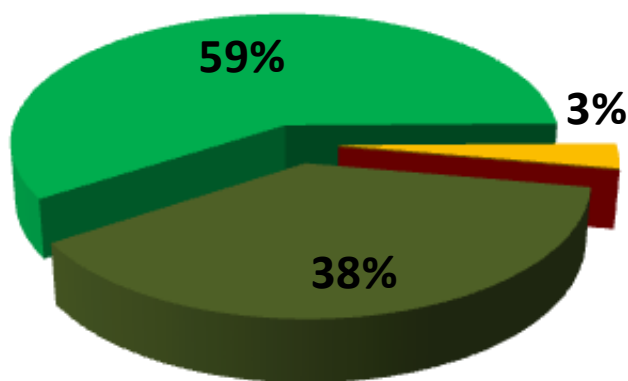
Although internal and external auditors carry out their work with different objectives in mind, many of the processes are similar and it is good professional practice that they should work together closely. Wherever possible, External Audit will place reliance and assurance upon internal audit work where it is appropriate.



Our audit plan includes different activities each year – it is therefore not unexpected that these vary; however, the assurance levels do give an insight on the application of the Council's control environment and forms part of the evidence that helped inform the overall annual opinion.

Assurances

Corporate



■ High ■ Substantial ■ Limited ■ Low

Increase in High & Substantial Assurance on last year

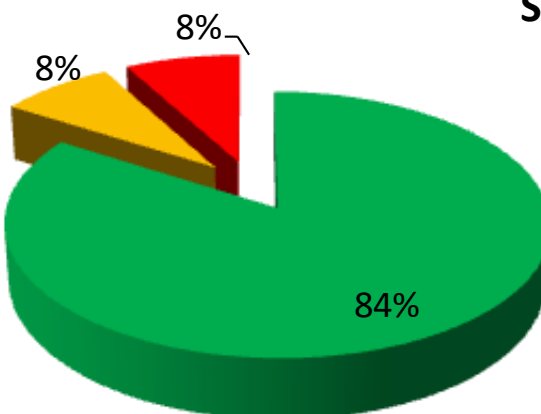
14%

Increase in School High & Substantial Assurance on last year

34%

Fall in School Low & Limited Assurance on last year

Schools



■ High ■ Substantial ■ Limited ■ Low

Fall in Low & Limited Assurance on last year

Benchmarking



Comparison of internal audit recommendations made 2019/20 and 2018/19. We can see that the priority of recommendation are less urgent than the previous year, with a reduction in both high and medium priority actions agreed in the service. Schools have remained very similar. This information forms part of the evidence that helped inform the overall annual opinion.

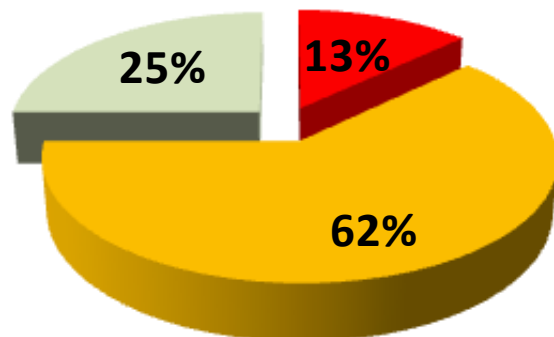
Recommendations

Corporate



- High
- Medium
- Advisory

Schools



- High
- Medium
- Low

Further details can be found at appendix 5

6%

Fall in high
priority
findings

2%

Medium School
priority findings
have increased

6%

Fall in medium
priority
findings

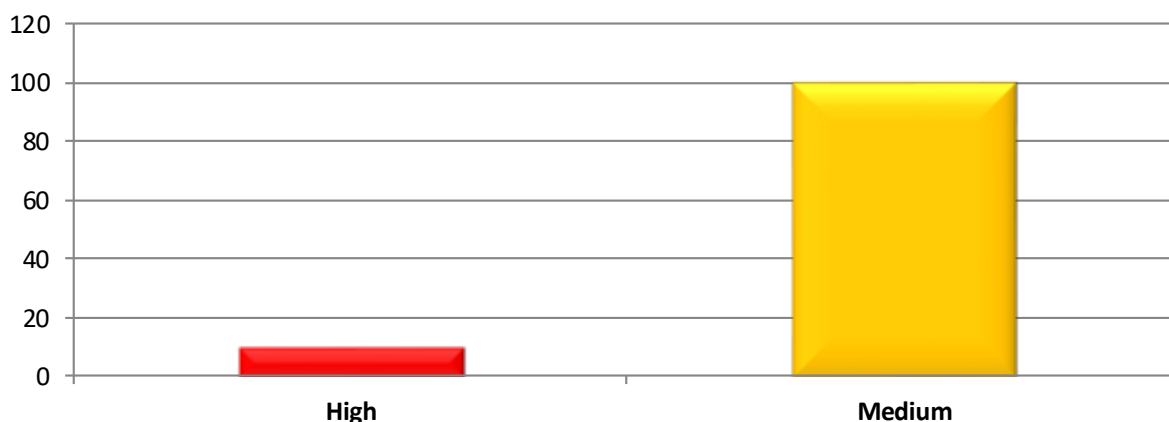
1%

Increase in
School high
priority findings



During 2019/20 we made **145** recommendations and agreed **145** actions to address our recommendations. Of the **10** high, **100** medium and **35** advisory actions, **75** are not yet due, **63** have been actioned or closed and **7** are overdue. Full details of overdue actions can be found at **appendix 3**.

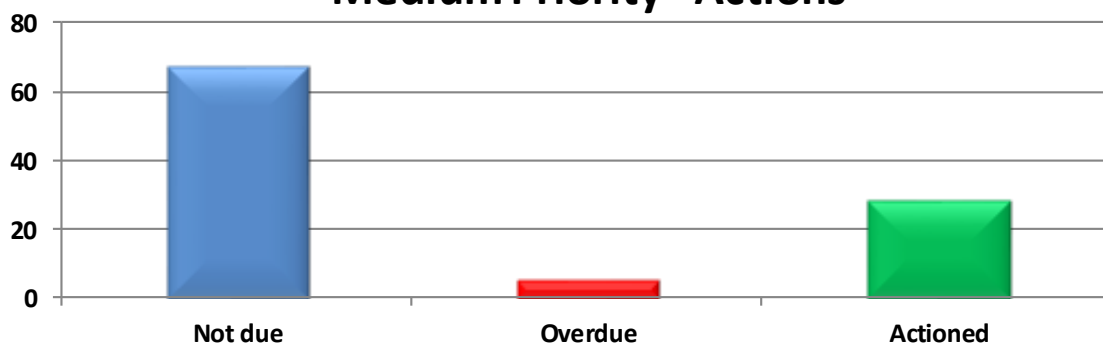
Agreed actions



High Priority - Actions



Medium Priority - Actions





Internal Audit's performance is measured against a range of indicators. The information below shows our performance on key indicators at the end of the year. We are pleased to report a good level of achievement delivery of the revised plan and the added value of our work. An area of improvement is around contemporary reporting timescales.

Performance on Key Indicators

100%

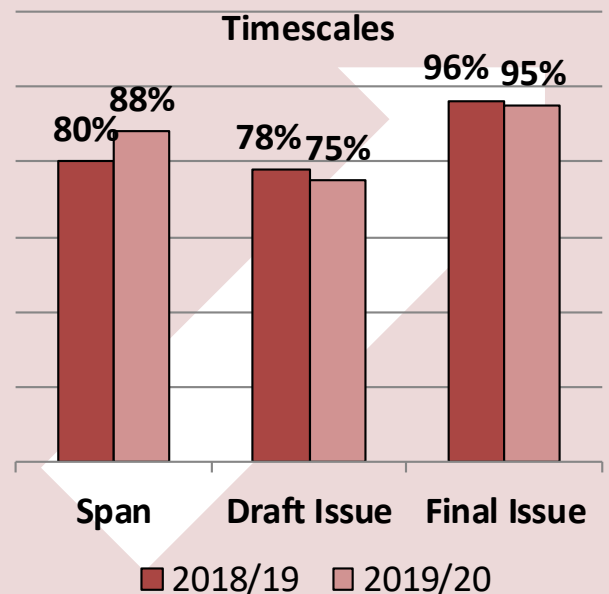
**Rated our
service Good
to Excellent**

61%

**Consistent
achievement of
Audit KPI's
compared to
last year**

94%

**Revised Plan
94% delivered
despite impact
of Covid19**





The County Council's Audit and Risk Service is part of an Internal Audit collaborative partnership, consisting of the in-house internal audit teams of Nottinghamshire County Council and City of Lincoln

East Lindsey District Council Internal Audit Team (3 experienced auditors) transferred to the County Council in December 2019

By working together the partnership aims to be:

'To provide affordable, high quality support and assurance across our Council's and external clients'

We improve the overall quality of the services provided through:

- Sharing of knowledge and experience.
- Adoption of leading audit techniques and methods.
- Pooling resources across the organisations to make savings, improve efficiency and offer greater value for money to our clients through streamlining our audit plans to audit/research specific areas of common interest.
- Resource swaps – which strengthen resilience and sustainability – keeping local talent.

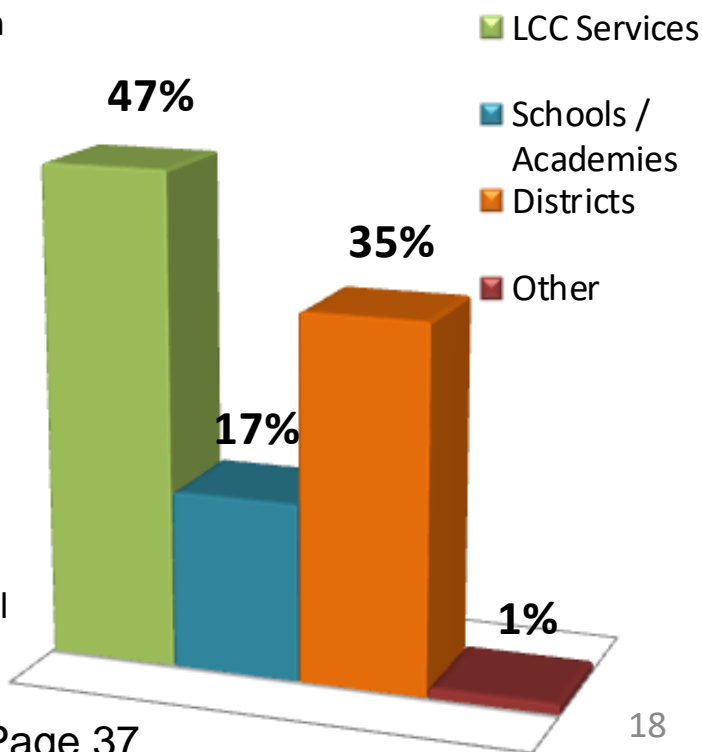
The County Council has a number of significant external clients including:

- North Kesteven District Council
- West Lindsey District Council
- Newark and Sherwood District Council
- Lincolnshire Academies
- Gainsborough Town Council
- Charities

Our external clients help Corporate Audit and Risk Management operate within existing budgets. In 2019/20 the internal audit service generated income of £300,593.

The audit team actual expenditure (net) is £510,708 compared to a budget of £508,148. The Corporate Audit and Risk service as a whole had a slight overspend of £6,852 (1%).

Days delivered across client base



During the year we have zero Low Assurance Opinions and just one Limited Assurance Opinion. The summary is:

Settlements

We found that although there is a settlement agreement procedure, the guidance in place needs updating. Our testing showed that the requirements in the procedure for documenting the necessary business case were not always being met with some key information to justify the payment not being recorded or retained. A review of Employment policies and procedures is taking place at present. Therefore this is an opportune time for HR Services to review the settlement agreement guidance to take account of the issues raised in this report.

We did, however, confirm that both HR and Legal were involved in each case. This provides assurance that appropriate advice was sought when the use of a settlement agreement was considered. We also found that the Council has a legally robust form of Settlement Agreement that complies with legal formalities and that an Agreement was entered into in all the cases considered. We found no cases where a Settlement Agreement had been used when it should not have been used i.e. when safeguarding issues were involved or to prevent a staff member from speaking out.

Audit	Rating	High	Medium	Advisory	Total
LCC 2019/20-01 Transport Connect Governance	Not applicable				0
LCC 2019/20-03 - Pension Fund	High Assurance		1		1
LCC 2019/20-05 - Highways 2020 Procurement	Not applicable		1		1
LCC 2019/20-06 - Settlements	Limited Assurance	6	6		12
LCC 2019/20-07 - Recruitment and Selection Checks	Substantial Assurance	1	11	5	17
LCC 2019/20-09 - Income	High Assurance		2		2
LCC 2019/20-10 - Financial processes in Children's Residential Units	Substantial Assurance		9	5	14
LCC 2019/20-11 - Commercial Property Portfolio	Substantial Assurance		6	2	8
LCC 2019/20-12 Local Transport Capital Funding Grant	Not applicable				0
LCC 2019/20-13 - LEP Follow Up	Substantial Assurance		3		3
LCC 2019/20-16 - LSAB peer review actions	High Assurance		2		2
LCC 2019/20-17 - Personal Data Breaches	High Assurance		1	1	2
LCC 2019/20-18 Families Working Together #1	Not applicable				0
LCC 2019/20-20 - Coroner's Service Case Management	High Assurance		2	1	3
LCC 2019/20-22 - Impact Assessments	Substantial Assurance		2	1	3

Audit	Rating	High	Medium	Advisory	Total
LCC 2019/20-24 - Business World Systems Administration access	Substantial Assurance	1	1	2	4
LCC 2019/20-25 - IMT Asset Management Follow Up	Substantial Assurance		1		1
LCC 2019/20-26 - Fuel card - follow up audit	Substantial Assurance		5	3	8
LCC 2019/20-27 - Data Integrity	Substantial Assurance		2	2	4
LCC 2019/20-28 - Vinci Contrat Management	Substantial Assurance	1	1	1	3
LCC 2019/20-30 - Property Health and Safety audit - Legionella Bacteria	Substantial Assurance		5	4	9
LCC 2019/20-31 School Funding Allocations	High Assurance				0
LCC 2019/20-32 Managing Young People and Children Exploitation	Not applicable				0
LCC 2019/20-33 - Financial Strategy (MTFP) and Budget Preparation	High Assurance		1		1
LCC 2019/20-34 - Payroll	Substantial Assurance		13	1	14
LCC 2019/20-36 - Accounts Payable	Substantial Assurance		3		3
LCC 2019/20-41 - Business Continuity	Substantial Assurance		2		2
LCC 2019/20-43 - Mosaic System - Children's	High Assurance		2	3	5
LCC 2019/20-45 – Spalding Western Relief Road	Not applicable				0

Audit	Rating	High	Medium	Advisory	Total
LCC 2019/20-46 - Bank Reconciliation KCT	High Assurance		1		1
LCC 2019/20-48 - General Ledger KCT	Substantial Assurance		4		4
LCC 2019/20-49 - Debtors	Substantial Assurance	1	6	1	8
LCC 2019/20-50 - Children in Need	High Assurance		1	2	3
LCC 2019/20-52 Pension Admin	Not applicable				0
LCC 2019/20-64 - Adult Frailty and Long Term Conditions Care Assessments & Reviews	High Assurance		1	1	2
LCC 2019/20-66 - Families working together #3	Not applicable		1		1
LCC 2019/20-67 BDUK Grant	Not applicable				0
LCC 2019/20-68 One Plan Schools Audit	Not applicable				0
LCC 2019/20-69 - Families working together #4	Not assessed		1		1
LCC 2019/20-70 - LFR Grievance Process	Substantial Assurance		3		3
Totals		10	100	35	145

Audit	Rating	High	Medium	Low	Total
Edu 2019/20-06 Dunholme St Chad's Primary School	Substantial Assurance	0	7	0	7
Edu 2019/20-10 Osbournby Primary School	Substantial Assurance	1	9	3	13
Edu 2019/20-11 Tetney Primary School	Substantial Assurance	0	9	3	12
Edu 2019/20-15 Donington Cowley Primary School	Substantial Assurance	0	6	2	8
Edu 2019/20-17 Harlaxton & Denton Primary Schools Federation	Substantial Assurance	1	12	7	20
Edu 2019/20-34 Wragby Primary School Assurance visit	Substantial Assurance	0	5	1	6
Edu 2019/20-36 Alford Primary School Assurance visit	Substantial Assurance	1	1	0	2
Edu 2019/20-37 Fleet Wood Lane Primary School	Low Assurance	10	17	5	32
Edu 2019/20-39 Partney Primary School	Substantial Assurance	2	5	4	11
Edu 2019/20-42 Waddingham Primary School Assurance visit	Limited Assurance	2	8	1	11
Edu 2019/20-46 Lincoln St Faith's Primary School	Substantial Assurance	1	7	5	13
Edu 2019/20-52 Hackthorn Primary School	Substantial Assurance	1	4	5	10
		19	90	36	145

Overdue incomplete actions for 2019/20 audits at 31/03/20

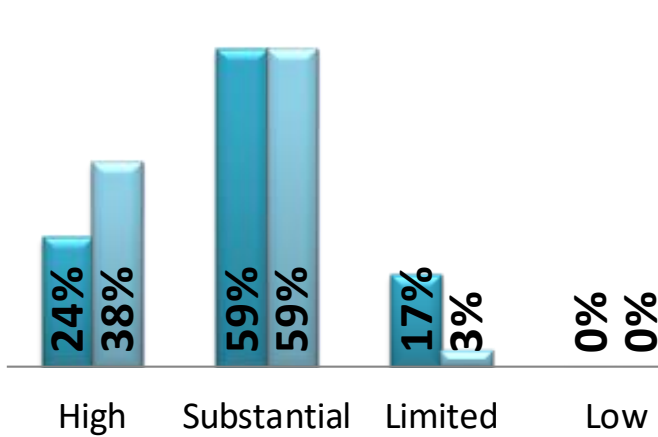
Activity	Issue Date	Assurance	Total Actions	Actions Imp	Priority of Overdue Actions			Actions not due
					High	Medium	Low	
Recruitment and Selection Checks	March 2020	Substantial	17	5	1	2	0	9
Commercial Property Portfolio	Jan 2020	Substantial	8	2	0	1	0	5
LSAB Peer Review Actions	Nov 2019	High	2	0	0	2	0	0
Vinci Contract Management	Aug 2019	Substantial	3	2	1	0	0	0
Total			30	9	2	5	0	14

Overdue incomplete actions for all prior year audits at 31/03/20

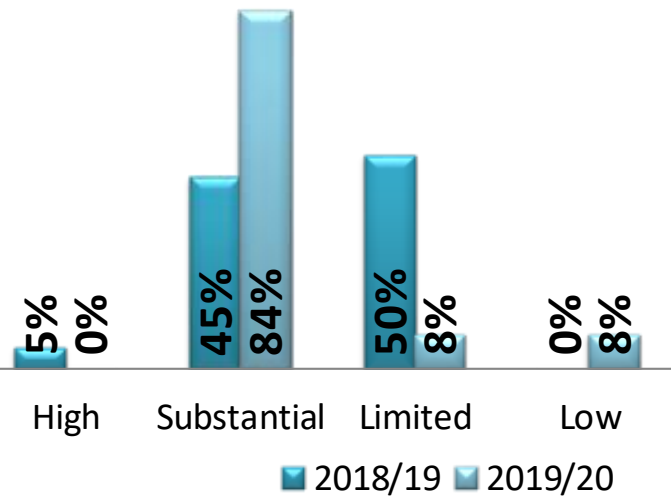
Activity	Issue Date	Assurance	Total Actions	Actions Imp	Priority of Overdue Actions			Actions Not Due
					High	Medium	Low	
Information Governance	Dec 2017	Substantial	10	9	0	1	0	0
Counter Fraud Arrangements	April 2019	Substantial	6	3	0	1	0	2
Programme/Project Management Support	Dec 2018	Substantial	2	0	0	2	0	0
Tax Compliance	Jan 2019	Limited	10	9	0	1	0	0
IR35	July 2019	Limited	7	2	2	3	0	0
Total			35	23	2	8	0	2

Comparison of Assurances

Corporate

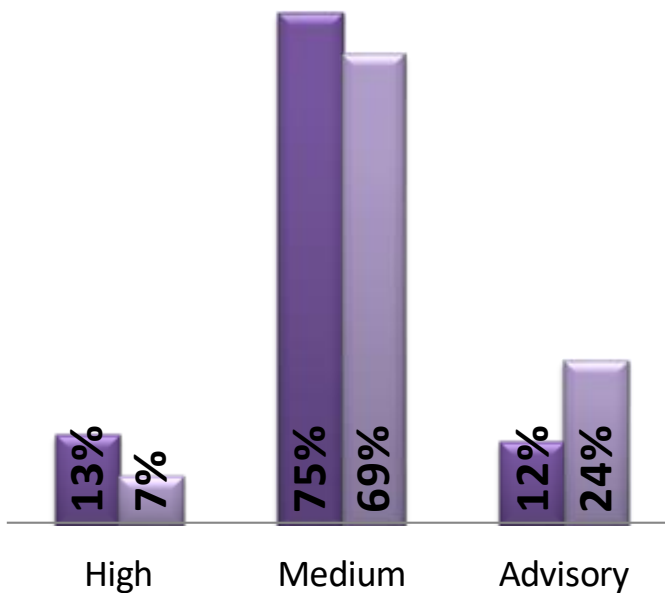


Schools

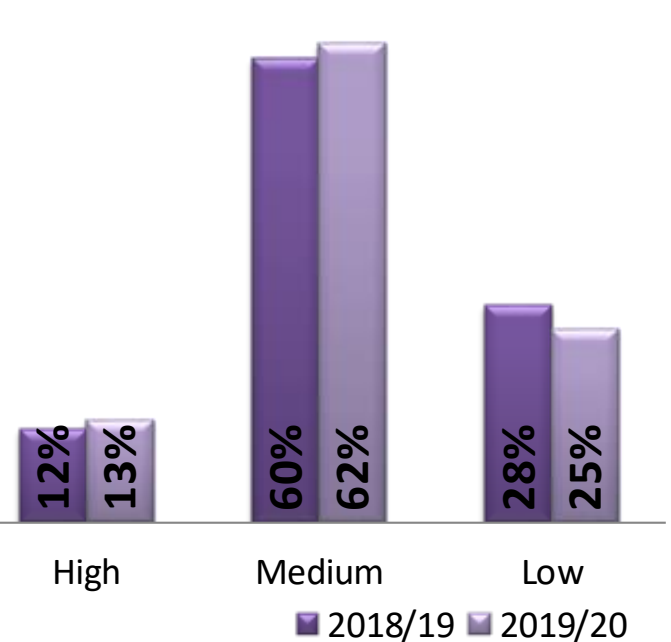


Comparison of Recommendations

Corporate



Schools



Performance on Key Indicators

Performance Indicator	Annual Target	Actual
Percentage of plan completed	100%	94%*
Percentage of recommendations agreed	100%	100%
Percentage of recommendations implemented	100% or escalated	90%**
Timescales:		
Draft Report issued within 10 days of completion	100%	75%
Final Report issued within 5 days of management response	100%	95%
Draft Report issued within 3 months of fieldwork commencing	80%	88%
Client Feedback on Audit (average)	Good to excellent	Good to excellent

* Some audits were delayed or deferred into 20/21 due to the Covid19 Pandemic

** Outstanding actions shared with Audit Committee via tracker reporting

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.

Significance

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Head of Internal Audit Annual Opinion

The rating, conclusion and/or other description of results provided by the Head of Internal Audit addressing, at a broad level, governance, risk management and/or control processes of the organisation. An overall opinion is the professional judgement of the Head of Internal Audit based on the results of a number of individual engagements and other activities for a specific time interval.

Governance

Comprises the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the outcomes for intended stakeholders are defined and achieved.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Control

Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management - plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Impairment

Impairment to organisational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel and properties and resource limitations (funding).

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