



GA.29 11/12

Governance & Audit  
Committee

19th December 2011

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**Subject: Internal Audit Plan 2011/2012 – Quarter 3 Progress Report**

Report by:

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Purpose / Summary:

The report gives members an update of progress, by the Audit partner, against the annual programme agreed by the Audit Committee on the 5<sup>th</sup> April 2011.

**RECOMMENDATION(S):**

- 1) **Members consider the content of the report and identify any actions required.**
- 2) **Future progress reports only include outstanding recommendations where the audit resulted in 'No' or 'Limited' assurance.**

## IMPLICATIONS

**Legal:** None directly arising from the report

**Financial:** None directly arises from the report.

**Staffing:** None.

### **Equality and Diversity including Human Rights:**

*NB: A full impact assessment **HAS TO BE** attached if the report relates to any new or revised policy or revision to service delivery/introduction of new services.*

None arising from this report

**Risk Assessment:** N/A

**Climate Related Risks and Opportunities:** None arising from this report

**Background Papers:** No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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### **Call in and Urgency:**

**Is the decision one to which Rule 14 of the Scrutiny Procedure Rules apply?**

Yes

No

### **Key Decision:**

Yes

No

## 1. Introduction

The purpose of this report is to:

- Advise of progress being made with the Audit Plan.
- Provide details of the audit work during the period
- Provide details of the current position with agreed management actions in respect of previously issued reports.

## 2. Audit Work in the period September to November 2011

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

(The Governance & Audit Committee should note that the assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. Definitions levels are shown in appendix A)

<b>Full Assurance</b>	<b>Substantial Assurance</b>	<b>Limited Assurance</b>	<b>No Assurance</b>
No Reports	<ul style="list-style-type: none"><li>• Corporate Governance – follow up</li><li>• Council tax and Housing benefit</li></ul>	<ul style="list-style-type: none"><li>• Project Management</li></ul>	No reports

We are reporting one limited assurance audit in this quarter the management summary is at Appendix B. The Business Modernisation Officer will update progress on implementing agreed actions.

### Other significant work

#### Anti Social Behaviour

Our work on the Council's role as a partner in a county wide approach to dealing with anti social behaviour as part of a home office pilot is complete. We:

- Reviewed the arrangements for managing the pilot in terms of project management/risk management/issues/budget/resources etc.
- Developed an audit Framework which can be used by all partners to assess their performance in meeting targets

To progress this partnership further Officers need to:

- Obtain comments and feedback from the pilot on the Framework and make appropriate amendments
- Apply the Framework to WLDC arrangements identifying areas requiring development and an opinion on current arrangements
- Consider securing support and endorsement for the Framework from relevant Anti-Social professionals/bodies
- Encourage use of the Framework by the pilot partners

### **Housing Benefit Subsidy**

We completed further work on behalf of the Audit Commission to provide evidence to support their sign off of the 2010/11 Benefits Subsidy claim. This focused on modified schemes, which were not included in the initial sample.

We identified errors in cases of people who have a war pension disregard and all cases of this nature had to be checked by staff for accuracy. These errors are not expected to have a significant effect on the subsidy claim.

### **General Assurance Work**

We have completed assurance mapping across the council's service areas. The Assurance Map will help us and senior management build a picture of what assurances (comfort) we can gain on the critical activities and strategic risks of the council. It will identify how much reliance we can place on this assurance and any gaps. The map can be used to:

- Support the Head of Audit's annual audit opinion and the work of the Audit Committee
- Help establish the Annual Audit Plan by identifying where assurances are absent or are negative
- Avoid duplication of effort where assurance can be drawn from the work of a third party or other sources

### **3. Progress with the Implementation of Recommendations**

There are no outstanding recommendations where the audit resulted in 'No' or 'Limited' assurance.

### **4. Audit Plan 2011/12**

Appendix C shows the progress made against the annual audit plan as approved by the Committee on 5<sup>th</sup> April 2011.

### **5. Performance Information**

Internal Audit performance is measured against a range of indicators. For those measures performance is shown below:

<b>Performance Indicator</b>	<b>Target</b>	<b>Actual (April – August 2011 )</b>
1. Actual audits versus planned (by no of audits)	95%	83%
2. % of Reports issued within 2 weeks of closure meeting	90%	86%*
3. Annual plans finalised	By March	By April
4. Quality of Service Client questionnaire scoring good to excellent	Good to excellent	Good to Excellent

\* One report issued more than 2 weeks after the closure meeting

**APPENDICES (If applicable) - these are listed below and attached at the back of the report.**

**(if no appendices are attached, please delete this entire box)**

APPENDIX A

Assurance Definitions

APPENDIX B

Management Summaries for audits with Limited Assurance

APPENDIX C

Progress against the Annual Audit Plan 2011/2012

## Appendix A

### Internal Audit Standard Assurance Definitions

<b>Assurance Classification</b>	
Full Assurance	The controls are in place to manage the risks and are being effectively operated. The risk of the activity not achieving its objectives is low.
Substantial Assurance	There are some improvements needed in the application of controls to manage risks. However, the controls are in place and operating sufficiently so that the risk to the activity not achieving its objectives is medium to low.
Limited Assurance	The controls to manage the risks are not always being operated or are inadequate. Therefore, the risk of the activity not achieving its objectives is medium to high.
No Assurance	The controls to manage the risks are not being operated or are not present. Therefore the risk of the activity not achieving its objectives is high.

**Further classification may be necessary to support any Assurance given which is not 'Full Assurance'. As a very broad guide the following may also be used as a consistency check when considering the level of assurance**

<b>Assurance Classification</b>	
Full Assurance	Objectives of the activity are met. A few low risk recommendations.
Substantial Assurance	Objectives of the activity are generally met. There are low or medium risk recommendations.
Limited Assurance	Some of the objectives of the activity are not being met. There are low, medium and a few high risks.
No Assurance	Most or all of the objectives are not being met. Large number of medium and high risks.

**End of Appendix A**

## Appendix B

### Management summaries for audits with limited assurance

#### Project Management

##### Introduction and Scope

We raised a lack of formalised project management arrangements as a significant concern within a report to Audit Committee in December 2010. We reported that a new project methodology had been in development since 2008 but was not formally embedded to ensure a consistent approach across the Council.

The purpose of the audit was to provide assurance that the Council has established effective project management arrangements to ensure that:

- Projects are aligned to corporate priorities
- Projects are delivered on time and within cost, meeting the needs of external and internal customers
- Projects deliver intended outcomes and benefits
- There is a consistent approach for delivering projects

#### Management Summary

##### *Assurance Opinion*

##### Limited Assurance

We found that the Council is developing a project management approach within the SharePoint framework. A project management methodology and supporting procedures are not yet embedded. Staff are not fully clear about the requirements and discussions highlight staff frustration with the current approach.

The Council has been without stable project management arrangements since 2008 as they have continuously been subject to changing approaches. It is vital that the current review is finalised and supporting processes embedded to ensure the Council has an effective project management approach moving forward.

The overarching aim of SharePoint is to be a one-stop shop for the Council's projects and performance information facilitating improved monitoring to ensure that activity achieves the Council's key aims and priorities. SharePoint is a proactive and forward thinking development and we are confident that once fully developed SharePoint will:

- Align projects to corporate priorities.
- Establish effective monitoring arrangements to ensure projects deliver intended outcomes and benefits on time and within cost.

Our audit highlights that the development of project management arrangements has some way to go, including:

- Adopting a more formalised approach for developing Sharepoint and establishing an underlying system specification and change management arrangements.
- Addressing staff concerns that they are finding it difficult keeping up with requirements as SharePoint is continuously changing.
- Ensuring staff receive appropriate training on SharePoint so they are clear what is expected.
- Improving SharePoint's reliability and usability, e.g. problems encountered with saving information/its availability/being slow and some areas being disjointed.
- Improving managers' engagement with the corporate approach to address concerns arising about processes introducing unnecessary bureaucracy or not working effectively.
- Establishing a complete list of agreed key projects that support the Council's aims and objectives/deliver required savings.

### **Agreed actions**

The Business Modernisation Officer is specifically tasked for establishing and ensuring effective performance management arrangements are developed and implemented. The points raised within this report will be covered as actions within the overarching implementation plan to deliver this piece of work. The Business Modernisation Officer will be monitoring progress to ensure that required actions are completed. The aim is to implement an agreed approach for delivering projects within the Council by the end of November 2011. The following key actions were agreed:

- SharePoint development will be planned and controlled more tightly with formalised arrangements established for developing a User Requirements Specification and System Specification. SharePoint development will be managed by a project team and supported by formalised governance arrangements.
- Staff will receive specific SharePoint training. This should ensure they are able to understand and fully utilise the system.
- Supporting guidance for managing projects will be developed and communicated to staff as part of the overall Communication and Training Plans that are being developed.
- A Communication Plan will be developed to ensure staff are involved at key stages. This should help improve staff and manager engagement in embedding SharePoint.
- The build covering the new version of SharePoint will provide improved access in terms of speed and avoid 'freezing' issues.
- SharePoint will include approved projects that support corporate priorities.

All agreed actions are scheduled for completion by the end of 2011



## **Management Response**

The report reflects our understanding of where the council is with regards to project and performance management.

We have been developing a new framework, which will ensure that decisions are made and projects delivered in line with our Corporate Plan and principles.

The Chief Executive is now personally involved in developing the governance and training to support the Programme/Project management framework.

This has started with the formation of the Corporate Policy and Governance Board which has clear terms of reference and roles and responsibilities.

We have a project plan in place to deliver against all of the actions identified within the audit report and have prepared a training brief to develop skills in the area of programme and project management, based on our systems and framework, for the appropriate staff.

**End of Appendix B**

## Appendix C

### Progress against the Annual Audit Plan 2011/2012

NOTE: This plan is indicative only – the programming of audits cannot be absolute as undertaking an audit depends on the availability of resources and the auditee (impact of leave, sickness, other service priorities for the auditee etc).

Service Area	Original Days	Status	Quarter to be initiated			
			Q1	Q2	Q3	Q4
<b>Neighbourhoods &amp; Health</b>						
Health Programme	5	In progress			✓	
Revenue Contracts	5	Completed	✓			
Building Control	3	Completed	✓			
<b>Sub Total</b>	<b>13</b>					
<b>Resources</b>						
Use of Consultants	5				✓	
IT Audit	10				✓	
Housing Benefit Subsidy	20	Completed		✓		
Housing Benefits	10	Completed		✓		
Planning	5					✓
Finance Systems	25					✓
<b>Sub Total</b>	<b>75</b>					
<b>Strategy &amp; Regeneration</b>						
Anti-Social Behaviour	5	Completed	✓			
Housing Standards	5	In progress			✓	
Employment & Skills Development	5	In progress		✓		
Risk Management	5				✓	
<b>Sub Total</b>	<b>20</b>					
<b>Assurance</b>						
Corporate Governance	10					✓
Project Management	5	Complete		✓		
<b>Sub Total</b>	<b>15</b>					
<b>Emerging Risks</b>						
Customer First Programme	10				✓	
Joint Planning Unit	10				✓	
Joint Revenue & Benefits Unit	5					✓
<b>Sub Total</b>	<b>25</b>					
<b>Assurance mapping</b>	<b>10</b>	Complete		✓		
<b>Total Non-Audit</b>	<b>21</b>					
<b>Total Plan for 2011-12</b>	<b>179</b>					

End of Appendix C