



GA.05 15/16

**Governance & Audit  
Committee**

23<sup>rd</sup> June 2015

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**Subject: Internal Audit Plan 2014/15 Progress Report  
Internal Audit Plan Schedule 2015/16**

Report by:

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County Council)

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Purpose / Summary:

The report gives members an update of  
progress, by the Audit partner, against the  
2014/15 annual programmes agreed by the  
Audit Committee in March 2014.

**RECOMMENDATION(S):**

- 1) **Members consider the content of the report and identify any actions required.**

## IMPLICATIONS

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

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**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**



**Internal Audit Plan 2014/15  
Progress Report  
Internal Audit Plan Schedule  
2015/16**



**Date: 09 June 2015**

# Contents

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<b>Introduction</b>	<b>Para 1</b>
<b>Key Messages</b>	<b>2-3</b>
<b>Internal Audit work completed</b>	<b>4-6</b>
<b>Audits in Progress</b>	<b>7</b>
<b>Other Significant Work</b>	<b>8</b>
<b>Lincolnshire Counter fraud partnership</b>	<b>9</b>
<b>Performance Information</b>	<b>10</b>
<b>Outstanding Recommendations</b>	<b>11</b>
<b>Assurance Designations</b>	<b>12</b>

## **Appendices**

Appendix 1 - Assurance Definitions

Appendix 2 - Audits with Major Improvement Needed

Appendix 3 - Internal Audit Plan 2014/15

Appendix 4 - Internal Audit Plan Schedule 2015/16

Appendix 5 - Outstanding Recommendations

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## Introduction

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1. The purpose of this report is to:
  - Advise of progress made with the 2014/15 Audit Plan
  - Provide details of the Audit Plan schedule for 2015/16
  - Provide details of the audit work undertaken during the period
  - Provide details of the current position with agreed management actions in respect of previously issued reports
  - Raise any other matters that may be relevant to the West Lindsey Audit Committee role

## Key Messages

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2. The 2014/15 plan has progressed well this quarter, with six audits reaching conclusion. The plan was revised mid-year, and progress is shown as follows:
  - 16 audits are complete: 94% of Jobs
  - 1 audit is at draft report: 6% of Jobs

Full details of scheduled work can be found at Appendix 3.

3. The Internal Audit Plan for 2015/16 has now been agreed. The schedule of work is attached at Appendix 4.

## Internal Audit work completed

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

Effective	Some Improvement Needed	Major Improvement Needed	Inadequate
<ul style="list-style-type: none"><li>• Treasury Management - Key Control Testing</li></ul>	<ul style="list-style-type: none"><li>• General Ledger – Key Control Testing</li><li>• Vulnerable People</li><li>• ICT Mobile Devices</li><li>• Creditors – Key Control Testing</li></ul>	<ul style="list-style-type: none"><li>• Contract Management</li></ul>	<ul style="list-style-type: none"><li>• No Reports</li></ul>

Note: 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.

4. We are reporting one audit with an Effective assurance opinion:

### **Treasury Management**

We found that there are effective Treasury Management systems and processes in place. Testing of key controls did not highlight any major issues or risks. Treasury Management monitoring processes continue to develop and improve and provide assurance that investment decisions are made in compliance with agreed policy.

We found several areas of good practice including:

- Investment institutions are closely monitored for suitability.
- There have been no breaches of Treasury Management policy including staying within limits of investments held with counter parties and timescales for investments.
- There are detailed manual and system audit trail records of all transactions.
- There is segregation of duties and one officer cannot complete investment transactions without the input of an authorising officer.
- System access for staff was appropriate and system records were clear and up to date.

5. We are reporting four audits where Some Improvement is Needed:

### **General Ledger**

We found that systems and processes are generally well managed, although there were some areas where controls could be improved including:

- Ensuring that where journals are supported by multiple or complex working papers these are clearly referenced back to the journal.
- Suspense accounts are cleared of older entries and no suspense account has entries from the previous financial year.
- The master list of system users was not up to date with all starters and leavers.

### **Vulnerable People**

There are approved detailed strategies and policies in place and the Council can demonstrate compliance with these. There has been training for officers and members and this has raised awareness of safeguarding issues and vulnerable people across the Council.

The Council received a positive section 11 audit report from the Children's Safeguarding Board and we have been able to place reliance on this review for the safeguarding Children's section of our review. This is in part due to the detailed supporting records which the team created to support the section 11 audit review.

West Lindsey is a locally recognised leader in district safeguarding and domestic abuse and as such is committed to raising awareness, actioning cases and maintaining the high standards it has set.



To support the Council in this and through the current transitional period of management change we have found the following areas where processes could be strengthened:

- The Council ensures an interim safeguarding coordinator manager is appointed to cover the current gap in structure due to maternity leave.
- A work plan should be developed to ensure that implementation of the strategic objectives can be monitored and managed.
- The safeguarding and domestic abuse case load is increasing. To provide assurance on the continuing management of cases the Council should review its systems for recording and monitoring ongoing cases.
- A plan should be developed to ensure the findings from the section 11 children's audit are implemented.
- Ensure that attendance at meetings is not affected by the recent management restructures and changes.
- The Council could use the records of people on the assisted bins service to signpost them to other support services.

### **ICT Mobile Devices**

The IT section has a Mobile Device Management (MDM) solution to monitor and control mobile devices and the data that they provide access to. We view this as a necessary step in securing remote access to corporate data and have therefore recommended that this solution is also used to control data accessed through employee owned devices (commonly known as Bring Your Own Device or BYOD).

As a number of BYOD arrangements are already in existence, a formal policy setting out both corporate and employee responsibilities should be promptly developed and communicated. Users often give greater weight to their own rights on an owned device rather than to their employer's need to protect data. Under the Data Protection Act, for example, if data is lost via an insecure employee-owned device, the organisation still remains liable and may be subject to monetary penalty.

### **Creditors – Key Control Testing**

Fundamental financial controls provide the Council with confidence that payments are bone fide, complete and accurate. Weaknesses within these controls could lead to loss through fraud or erroneous payments. We found some areas where key controls were not operating as intended and improvements are required, in particular a lack of segregation of duties when raising and authorising orders.

6. We are reporting one audit where Major Improvement is needed. The full Executive Summary is attached at Appendix 2:

### **Contract Management**

We are unable to place reliance on the contract management arrangements in place. There is a risk that contracts are not adequately monitored and consequently the Council may find that contract conditions are not met resulting in excessive expenditure, poor quality and failure to deliver.

## **Audits in Progress / Draft Report**

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7. There is currently one outstanding 2014/15 audit:
- **Planning**
  - In light of the importance and risks associated with the planning service we were asked by the Chairman of the Governance and Audit Committee to provide some independent assurance over the service.
  - Phase one of our assurance work focussed on the robustness of the improvement plan and the associated governance arrangements put in place. Our work identified that progress has been slow in pulling together an improvement plan – initial plan drawn up in March 2015. Whilst it is acknowledged that the senior management changes have undoubtedly affected progress there was an expectation by the Council that an improvement plan would be put in place as a matter of priority. We suggest oversight of this through the transformation board – which will consequently provide closer governance / oversight of progress.
  - Our report is currently at draft report stage.
  - Phase two will be a system review, which is planned towards the end of the 2015/16 financial year and will seek to provide assurance that sufficient progress has been made in respect of implementing the action plan and that expected outcomes have been delivered.

## **Other Significant Work**

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8. Other audit work undertaken during the period:

### **Central Lincolnshire Local Plan Partnership:**

The 2<sup>nd</sup> Highlight Report in respect of Stakeholder Consultation is now complete and attached for information. The final audit report is currently at draft stage and will be presented to and agreed by the Central Lincolnshire Steering Group prior to being presented to G&A Committee.

## **Lincolnshire Counter Fraud Partnership**

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9. The Lincolnshire Counter Fraud Partnership was successful in securing funding from the Department for Communities and Local Government (DCLG) to reduce fraud losses. The partnership established in January 2015 aims to:
- deliver joint fraud proactive exercises across Lincolnshire
  - develop and deliver an effective co-ordinated fraud awareness programme
  - share intelligence, investigative resource, expertise and best practice

The partnership comprises of counter fraud specialists and subject area experts from Lincolnshire County Council (the Accountable Body) and seven district councils. The Partnership is accountable to the Chief Finance Officers and is required to report progress to the DCLG.

A dedicated resource has been seconded to the role of LCFP Principal Investigator (May 2015 to October 2016) - the intention is for that role to be sustainable.

Four bids have been evaluated against a pre-determined criteria with two bids agreed to support county wide fraud projects:

- Council Tax Single Person Discount (SPD)
- Council Tax Support Scheme

A county – wide bid is also being considered to detect properties missing from the Local Rating List and premises that are currently under assessed.

Work has started on performing a county - wide fraud risk assessment. During May / June 2015, the LCFP Investigator will be meeting with S151 officers / nominee to discuss support requirements for developing the district's existing fraud arrangements e.g. providing fraud awareness sessions / training to members and staff; performing Fraud Health checks; providing fraud related investigation support.

## **Performance Information**

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10. Our current performance against targets for 2014/15 is shown below.

Performance Indicator	Target	Actual
Percentage of plan completed.	100% (revised plan)	98%
Percentage of key financial systems completed.	100%	100%
Percentage of recommendations agreed.	100%	100%
Percentage of recommendations due implemented.	100% or escalated	High/ Medium = 85%
Timescales: Draft report issued within 10 working days of completing audit.	100%	68% 11 out of 16
Final report issued within 5 working days of closure meeting / receipt of management responses.	100%	86% 12 out of 14
Period taken to complete audit – within 2 months from fieldwork commencing to the issue of the draft report.	80%	59% 10 out of 17

Client Feedback on Audit (average)	Good to excellent	Excellent % Return = 92%
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\* Indicator based on the number of days spent against the total number of days within the revised plan.

## Outstanding Recommendations

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11. Each quarter we follow up our audit report recommendations and track the implementation of agreed management action. Full details of outstanding recommendations are shown at Appendix 3.

## Assurance Designations

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12. In response to feedback from our clients, we have reviewed our Assurance Designations and made changes which will now be used for our audit reports for 2015/16, these are:
  - High Assurance
  - Substantial Assurance
  - Limited Assurance
  - Low Assurance

## Appendix 1 – Assurance Definitions<sup>1</sup> (2014-15)

<p><b>Effective</b></p>	<p>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.</p> <p>The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.</p> <p>As a guide there are a few low risk / priority actions arising from the review.</p>
<p><b>Some improvement needed</b></p>	<p>Our critical review or assessment on the activity gives us a reasonable level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>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. A few specific control or risk issues identified.</p> <p>As a guide there are low to medium risk / priority actions arising from the review.</p>
<p><b>Major improvement needed</b></p>	<p>Our critical review or assessment on the activity identified numerous concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>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.</p> <p>As a guide there are numerous medium and a few high risk / priority actions arising from the review.</p> <p>Our work did not identify system failures that could result in any of the following:</p> <ul style="list-style-type: none"> <li>- damage to the Council's reputation</li> <li>- material financial loss</li> <li>- adverse impact on members of the public</li> <li>- failure to comply with legal requirements</li> </ul>
<p><b>Inadequate</b></p>	<p>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.</p> <p>Our work identified system failures that could result in any of the following:</p> <ul style="list-style-type: none"> <li>- damage to the Council's reputation</li> <li>- material financial loss</li> <li>- adverse impact on members of the public</li> <li>- failure to comply with legal requirements</li> </ul> <p>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.</p> <p>As a guide there are a large number of high risks / priority actions arising from the review.</p>

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<sup>1</sup> 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 – Audits with Major Improvement Needed (Executive Summaries only)**

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### **Contract Management**

#### **Introduction and Scope**

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Procurement Lincolnshire was set up in 2008 to provide procurement services to Lincolnshire County Council and the Lincolnshire District Councils. The partnership offers a consistent approach, shares knowledge and expertise and aims to achieve high levels of efficiency savings through efficient procurement processes and collaborative purchasing.

Many of the existing contracts have been procured in conjunction with Procurement Lincs, although there are many contracts that have been procured outside of these arrangements and therefore we have concentrated our audit testing in these areas when sample testing.

We have carried out an Internal Audit review of Contract Management, to give you independent assurance that effective contract management arrangements are in place to ensure that contracted services provided to the Council are operated in accordance with policy and regulations and are delivered to the required standards.

The audit was originally planned to be undertaken during Quarter 1 of financial year 2014-15, however in agreement with management was postponed until Quarter 4 to allow for an internal overview of the service to be carried out.

#### **Scope and Coverage:**

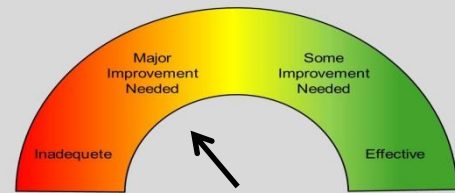
We have reviewed the following areas:

- Corporate Policy compliance.
- Monitoring arrangements.
- Governance and reporting structures.
- Contract deliverables and outcomes.
- Performance monitoring.

# Executive Summary

## Assurance Opinion:

### Major Improvement Needed



We are unable to place reliance on the contract management arrangements in place. There is a risk that contracts are not adequately monitored and consequently the Council may find that contract conditions are not met resulting in excessive expenditure, poor quality and failure to deliver.

#### Key findings include:

- The Firefly System, as a monitoring tool, has a number of capability issues which has resulted in resource intensive secondary manual systems being introduced.
- Only three out of 117 contracts listed within the system have been populated with all required supporting documentation.
- From a sample of five contracts examined:
  - One had not been tendered in accordance with Contract Procedure Rules.
  - One contract had inappropriate variation to the original contract value.
  - Source Lincolnshire had not been used to advertise contract where required.
- There was also very little information on, and reporting of, contract performance, contract progress or delivery

We noted that an internal Assurance Review of Contract Management was carried out in 2014 to identify gaps in control and areas for improvement, and an improvement action plan was produced and monitored by the Business Improvement Team. Whilst some progress was made, in particular the implementation of the new contracts system, Firefly, and introduction of a Contract Management Approved Code of Practise (ACOP), there is a need for a full engagement of all staff and services and a Council wide commitment to adhering to the new procedures.

## Direction of Travel



No Change / Stable

A full Contract Management system review has not been carried out in recent years.

The Head of Service Assurance Review of Contract Management identified a number of critical key findings which included the need to:

1. Clearly define and communicate the roles and responsibilities of the decision making bodies and individuals within WLDC, and the Partnership, that should be engaged with when undertaking a key commercial decision. Focus should be laid on ensuring important information is communicated effectively while in a proportional manner to all interested parties as well as ensuring there is a robust and clearly understood decision making process from start to finish in each procurement.

### **Progress:**

- Procurement Lincs have attended WLDC WMT in October 2014 and delivered a presentation on roles and responsibilities.
- Guidance on procurement has now been produced and this has been added to Minerva.
- Pre-procurement sign-off documentation and exception procedures have been prepared.
- Attendance at the commercial board to update on procurement.

It is also noted that the contract procedure rules were updated in January 2015 to reflect roles and responsibilities and pre-procurement activities along with the production of an ACOP. However, there have been changes to National legislation in respect of Contracts. The Public Contracts Regulations 2015 came into force on 26 February 2015, replacing the Public Contracts Regulations 2006. This means that all Contract Procedure Rules will need to be updated again to reflect the changes.

2. Through better use of the contracts register and various contracting boards within WLDC, produce a rolling plan which oversees all forthcoming re-procurement activities of all values which also takes into account any activities to be newly commissioned. This will ensure contracts due to expire are dealt with in good time, ensure with strategic priorities are supported, as well as improving the ability to coordinate with the PL partnership as a whole.

### **Progress:**

A new contracts system, Firefly, has been implemented to streamline the contract management function. However, there may be some further system development work required as there is currently no way of summarising or monitoring contract end or renewal dates. Alerts are produced by the system, however this information is only sent to the contract owner. A review by the Business Improvement Team found that 80 out of 110 contracts were due to expire by July 2015.

The team are planning to produce a rolling plan which will give an overview of contract end and renewal dates etc. However, the draft plan is a manual spreadsheet document which will require additional resource for updating.

3. Measures should be taken to raise the profile of Procurement Lincs and the procurement and contracting function within WLDC, to ensure a robust and coherent approach is firmly embedded. This would focus on clarifying the procedural requirements that all officers are responsible for, the resource available to WLDC via the Procurement Advisor and wider Procurement Lincs team, making useful information more visible and available to all staff.



**Progress:**

- Procurement Lincs have attended WLDC WMT.
- The Business Improvement Team in conjunction with Procurement Lincs have provided training and workshops for staff in respect of Contract Management and the Firefly System.

While many of the existing contracts have been procured in conjunction with Procurement Lincs, there are many contracts that have been procured outside of these arrangements. New procedures have been introduced requiring all new contracts to be procured in conjunction with the Business Improvement Team. There is also the opportunity for more integration between Procurement Lincs and the Business Improvement Team.

Our audit testing has confirmed that progress is being made around streamlining the contract management processes and ensuring staff are aware of their roles and responsibilities. However there are still improvements that can be made and further system development work is required to ensure there are robust systems in place to offer consistent and effective contract monitoring arrangements.

To ensure the success of the function moving forward, there needs to be full engagement of all staff and while all contracts have now been entered onto the Firefly System, it must now be populated with all outstanding contract documentation to enable the System to be used effectively. Instructions, advice and guidance has been provided to staff to facilitate this.

However, despite many reminders and agreed targets for completion, there are still many contracts that have not been populated with supporting documentation. Examination of the system showed that, out of 117 contracts listed, only 3 are supported by all the necessary information. Of the remaining contracts:

- 49 have no contract documentation at all.
- 100 have no invoice or purchase order.
- 31 have no information at all.

There was also very little information and reporting around contract performance. Procurement Lincs complete Quarterly Performance reports in conjunction with the team, although these are based around efficiency savings delivered to WLDC. There is currently no other reporting either around performance, contract progress or delivery. There is therefore an opportunity to consult with stakeholders to develop specific contract monitoring information.

We would like to thank the Business Improvement Team for their help, support and assistance to undertake our work.

# Management Response

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We accept the findings of the Audit team. We are pleased that recent improvements of ACoP, workshops and Firefly have been recognised although recognise that work is still required.

The reporting potential of the current system is limited and we will be working with the provider to see how this might be improved.

As a management team we are concerned that this area of work needs to be given priority. As such we will be asking our Chief Operating Officer (COO) working with team managers, to develop an improvement plan which will be monitored by CLT.

Additionally, we request a follow up Audit to be undertaken in February 2016 to provide assurance of progress before the end of this financial year.

We would like to thank Lisa Mackenzie and her team for a timely and well managed Audit.

<b>Management Actions</b>	<b>No</b>	<b>All to be completed by:</b>
High Priority	5	31 <sup>st</sup> March 2016
Medium Priority	5	31 <sup>st</sup> March 2016

## Appendix 3 – Internal Audit Plan & Schedule 2014/15

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
<b>Critical Service Activities</b>						
Corporate Fraud	10	<p>Preparing for major national change has been identified as a Strategic Risk and is being managed through the Strategic Risk Register. This audit will carry out proactive testing in the following areas:</p> <ul style="list-style-type: none"> <li> <b>Fleet fuel management</b>                      Proactive work – based on fraud risk; to provide assurance on the arrangements in place to manage and report on fuel usage across the vehicle fleet.                 </li> <li> <b>Purchase Cards</b>                      Proactive work – based on fraud risk; to ensure only bona fide payments are made and to provide assurance that payments are not bypassing or breaching procurement procedures. are being managed.                 </li> </ul>	May 2014	30 <sup>th</sup> April 2014	26 <sup>th</sup> June 2014	<p>Complete</p> <p>Some Improvement Needed</p>

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
Information Governance	10	To review organisation wide information governance arrangements to provide assurance that data related risks are sufficiently managed whilst ensuring the right data is available at the right time.	October 2014	October 2014	January 2015	Complete  Some Improvement Needed
Land, Property & Estate Management	10	To ensure that processes and controls around procurement, project management and investment decisions are embedded / complied with.  Ensure the best use of resources / value for money in line with the Commercial Strategy.	Postponed until 2015/16			Postponed at the request of Director. This audit will now be undertaken during 2015/16 Audit plan (The 10 days allocation will also be carried forward).
Strategic Economic Development	10	To assess the Council's role in supporting Economic Development, including partnership governance and project management.	Q3	September 2014	December 2014	Complete  Some Improvement Needed
Central Lincolnshire Local Plan Partnership.	10	Provide assurance on the revised delivery arrangements for the central Lincolnshire joint local plan and provide support and advice at key stages through gateway review. (combined audit resource with North Kesteven & City of Lincoln).	Q2	Initial discussion June 2014	In Draft	1 <sup>st</sup> Highlight Report Complete 2 <sup>nd</sup> Highlight Report Complete Draft final report to be presented to the Steering Group

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
Vulnerable People	15	To review the controls in place for safeguarding people and multi-agency working including Domestic Abuse.	Q2	November 2014	March 2015	Complete  Some Improvement Needed
<b>Subtotal</b>	<b>65</b>					
<b>Due Diligence</b>						
<b>Resources</b>						
Finance Systems – to be agreed with external audit input	20	To review systems and test transactions for finance systems feeding into the Council's accounts in liaison with external audit: <ul style="list-style-type: none"> <li>• Debtors</li> <li>• Payroll</li> <li>• Pensions</li> <li>• Property, plant &amp; equipment</li> </ul>	December 2014	November 2014	February 2015	Complete  Some Improvement Needed
Key Control Testing	25	To undertake testing on key controls within finance systems for Head of Audit assurance. <ul style="list-style-type: none"> <li>• Treasury Management</li> <li>• General Ledger</li> <li>• Creditors</li> </ul>	December 2014	February 2015  February 2015  March 2015	March 2015  March 2015  May 2015	Treasury Management – Effective  General Ledger - Some Improvement Needed  Creditors – Some Improvement Needed

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
Benefits & Council Tax Discounts	10	To provide assurance that all benefits paid are bone fide, complete, accurate, timely and in accordance with policy / regulations	August 2014	June 2014	December 2014	Complete  Housing Benefits – Some Improvement Needed  Council Tax Discounts - Effective
Insurance	0	To ensure that the Council has effective arrangements in place to manage its insurable risks	Postponed to April 2015/16			10 Days reallocated to Planning Audit. Insurance will be carried out as part of 2015/16 Audit plan.
Contract Management	10	To provide assurance that key contracts are managed effectively and monitored to confirm they are delivering as agreed	Q4	February 2015	April 2015	Complete  Major Improvement Needed
<b>Sub Total</b>	<b>65</b>					
<b>Emerging Risks</b>						
Emerging risk & contingency	0	To audit any significant emerging risks arising in the year.			5 Days transferred to Planning Audit.	
Planning	15	To provide assurance that there is an effective, resourced and performing Planning service.	Q4	May 2015		Draft Report Stage

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
<b>Other relevant Areas</b>						
Assurance Mapping	10	Update assurance map with service managers and gain management assurances and third party assurances.	September 2014	October 2014	January 2015	Complete Governance and Audit Committee – 26 <sup>th</sup> February 2015
<b>ICT Audit.</b>						
Mobile Devices	10	Identifying the assurances available on the Councils ICT Management arrangements – Infrastructure – applications. Based on this information undertaken an ICT audit eg critical application or IT security	Q1	July 2014	April 2015	Complete Some Improvement Needed
<b>Non-Audit</b>						
Advice / liaison	5					
Annual Report	1					
Audit Committee	5					
<b>Sub Total</b>	<b>11</b>					
<b>Total Audit Plan for 2014/15</b>	<b>176</b>					
<b>- Adjustment for Postponed Audit</b>	<b>(10)</b>					
<b>Revised Plan</b>	<b>166</b>					

## Appendix 4 – Internal Audit Plan & Schedule 2015/16

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
<b>Due Diligence - Those systems that support the running of the Council and ensure compliance with key policies</b>						
Grant Management	10	To review the processes in place for managing and monitoring grants and ensure expenditure is made in accordance with the grants' terms and conditions.	May 2015			
Insurance	10	To ensure that the Council has effective arrangements in place to manage its insurable risk.	April 2015			
Key Control Testing	20	Delivery of key control testing to enable the Head of Internal Audit to form an opinion on the Council's financial control environment.	October 2015			
Financial Systems: <ul style="list-style-type: none"> <li>• Bank Reconciliation</li> <li>• Income</li> <li>• Financial Strategy</li> <li>• Budget Preparation and Monitoring</li> </ul>	20	Key systems that support the running of the Council's business and ensure compliance with corporate policies and legal requirements.  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.	December 2015			
<b>Subtotal</b>	<b>60</b>					








Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
<b>ICT Audit</b>						
ICT plays a vital role in supporting the Council's business and customer interface. During the year we will meet with the Strategic Lead to determine the best areas to focus our audit resources.	20	Possible areas, which will be conducted jointly with North Kesteven District Council include: <ul style="list-style-type: none"> <li>• ICT Governance and Business Continuity (Shared Service)</li> <li>• ICT Procurement</li> <li>• Cyber security</li> <li>• IT Disaster Recovery - reliance, back-up and recovery</li> <li>• Social Media</li> <li>• Key Application Audit</li> </ul>	TBC			
		Mobile Devices – Samsung Tablets				
<b>Sub Total</b>	<b>20</b>					
<b>Emerging Issues and Key Risks</b> - To enable Internal Audit to respond to changes during the year we will meet regularly with Senior Management to agree which areas to focus our audit assurance work. The following areas have been identified through our risk assessment and on the assurance map as possible areas to focus audit activity.						
Land, Property & Estate Management	10	To ensure that processes and controls around procurement, project management and investment decisions are embedded / complied with. Ensure the best use of resources / value for money in line with the Commercial Strategy. (Rolled forward from 2014/15).	September 2015			












Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
Local Land Charges	10	Review of existing procedures to be undertaken in Quarter 1, to identify issues to be addressed when introducing new automated system.	April 2015			
Community Safety and Anti-Social Behaviour	10	Review and assess the effectiveness of Internal Control in this area and including safeguarding.	August 2015			
Effective Decision Making	10	Assess and provide assurance around Governance Responsibilities following the Senior management and Heads of Service restructures, including a review of management and committee structures, processes, quality of information etc that support the decision making process	June 2015			
Planning	10	Phase two - to provide assurance that sufficient progress has been made in respect of implementing the improvement action plan and that expected outcomes have been delivered..	October 2015			
Traded Services	10	Review of the governance, performance and financial arrangements that support trading.	November 2015			
Transformation and Commercial Plans	10	Strategic level review of the effectiveness of these plans in delivering the Medium Term Financial Plan.	November 2015			
Enforcement	10	Review and assess the effectiveness of Internal Control within Housing and Planning Enforcement.	May 2015			

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
Contract Management	5	A follow up of the actions arising from the audit undertaken during 2014/15.	February 2016			
Corporate Planning		High level review of the planning process in place for the Council:- corporate priorities, business plans, objectives.				
Member Development		Review and assess the effectiveness of the new Members' Induction programme.				
Building Control		Review and assess the effectiveness of Internal Control in this area.				
<b>Subtotal</b>	<b>85</b>					
<b>Other relevant Areas</b>						
Combined Assurance	10	Updating assurances on the Council's assurance map with service managers and helping to co-ordinate the annual status report.	October 2015			
Subsidy Claim Testing	25		July 2015			
<b>Non-Audit</b>						
Advice / liaison	5					
Annual Report	1					
Audit Committee	5					
<b>Sub Total</b>	<b>11</b>					
<b>Total Audit Plan for 2015/16</b>	<b>211</b>					








## Appendix 5 – Outstanding Recommendations

Audit Area	Date	Assurance	Total High / Med	Number Implemented	Outstanding			Not Yet Due	Notes	Direction of travel
					High	Medium	Total			
<b>Previous Years</b>										
Localism	Oct 2012	Substantial	5	5	0	0	0		The 3 outstanding actions have been closed by CLT.	
Change program	Nov 2012	Substantial	11	10	0	1	1		Agreed revised completion date – 27 January 2015	
IT Security	Aug 2013	Limited	15	13	2	0	2		Agreed revised completion date – 31 March 2015 Extended to 30 June 2015	
			<b>31</b>	<b>28</b>	<b>2</b>	<b>1</b>	<b>3</b>			
<b>2013/14</b>										
Investment Decisions	Nov 2013	Limited	12	11	1	0	1			
Asset Management – Utilisation and Disposal	Feb 2014	Limited	9	7	2	0	2		Agreed revised completion date – 31 March 2015	
			<b>21</b>	<b>18</b>	<b>3</b>	<b>0</b>	<b>3</b>			

Audit Lincolnshire – Internal Audit Report

Audit Area	Date	Assurance	Total High / Med	Number Implemented	High	Medium	Total	Not Yet Due	Notes	Direction of travel
<b>2014/15</b>										
Corporate Fraud	June 2014	Some Improvement Needed	9	9	0	0	0		Complete	
Housing Benefits	Oct 2014	Some Improvement Needed	6	6	0	0	0		Complete	
Council Tax Discounts	Oct 2014	Effective	1	1	0	0	0		Complete	
Economic Development	Dec 2014	Some Improvement Needed	5	3	0	0	0	2 (M)		
Information Governance	Jan 2015	Some Improvement Needed	11	8	1	2	3			
Debtors	Feb 2015	Some Improvement Needed	5	2	0	0	0	3 (M)		
Payroll	Feb 2015	Some Improvement Needed	3	3	0	0	0		Complete	
Pensions	Feb 2015	Some Improvement Needed	3	3	0	0	0		Complete	
Property, Plant & Equipment	Feb 2015	Some Improvement Needed	2	2	0	0	0		Complete	
Vulnerable People	Mar 2015	Some Improvement Needed	7	1	0	0	0	6 (M)		
Treasury Management (Key Control Testing)	Mar 2015	Effective	1	1	0	0	0		Complete	

Audit Lincolnshire – Internal Audit Report

Audit Area	Date	Assurance	Total High / Med	Number Implemented	High	Medium	Total	Not Yet Due	Notes	Direction of travel
General Ledger (Key Control Testing)	Mar 2015	Some Improvement Needed	5	5	0	0	0		Complete	
Central Lincolnshire Local Plan Partnership	Apr 2015	Effective	8	8	0	0	0		Complete	
Contract Management	Apr 2015	Major Improvement Needed	10	1	0	0	0	5 (H) 4 (M)		
Creditors	May 2015	Some Improvement Needed	6	5	0	0	0	1 (M)		
ICT Mobile Devices	May 2015	Some Improvement Needed	6	0	0	0	0	1 (H) 5 (M)		
Planning		<i>*Major Improvement Needed</i>	7	0	0	0	0	6 (H) 1 (M)		
			<b>95</b>	<b>58</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>34</b>		
<b>Grand Total Outstanding</b>					<b>6</b>	<b>3</b>	<b>9</b>			 <b>16 reported at last report</b>

\* Audit Reports not yet finalised