



GA.26 15/16

Governance & Audit  
Committee17<sup>th</sup> September 2015

**Subject: Internal Audit 2015/16 Progress Report**

Report by:

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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

**Financial:** None directly arises from the report. FIN/60/16

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**Staffing:** None.

**Equality and Diversity including Human Rights:** 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 Progress Report 2015/16**



**Date: September 2015**

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## Introduction

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1. The purpose of this report is to:
  - Advise of progress made with the 2015/16 Audit Plan
  - 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. There are 23 planned audits within the 2015/16 plan and progress so far is as follows:
  - 2 audits are complete: 9% of Jobs
  - 3 audits are at fieldwork stage: 13% of Jobs

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

## Internal Audit work completed

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3. The following 2015-16 audit work has been completed and a final report issued:

High Assurance	Substantial Assurance	Limited Assurance	Low Assurance
	<ul style="list-style-type: none"><li>• Insurance</li><li>• Effective Decision Making</li></ul>		

In addition to these we are also reporting the final completed audit remaining from 2014-15; Development Management Improvement Plan Audit which we have assessed as "Major Improvement Needed".

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 two audits with Substantial Assurance:

### Insurance

There are adequate systems in place and the Council can demonstrate that insurable risk and assets are insured and managed. Systems include a detailed

annual review and renewal process with a strong value for money element and comparisons with previous year's costs.

We found some areas where Council systems and knowledge of the insurance function could be strengthened. This is in part the result of having long term effective support from the consultants; The Risk Factor. This has meant there has been no requirement to enhance in house expertise.

The areas where the Council can improve its understanding and strengthen its processes include:

- Clarity on roles and responsibilities with more training and guidance for the finance officer who deals with insurance issues.
- Improved records management of insurance information including filing documents on shared drives and not using email accounts to store information.
- Ensuring the annual renewal process promotes engagement between finance and other services and drives understanding and efficiency of insurance information.

We also noted that Council Contract Procedure Rules have not been complied with for both the use of the consultants The Risk Factor who provide day to day insurance support and the insurance companies who provide the actual cover. These findings reflect the recent Contract Management audit carried out in May 2015 where similar breaches in Contract Management rules were reported.

The Contract Management findings are already being considered, therefore has not affected the overall assurance opinion for this review.

### **Effective Decision Making**

A vital part of the running of the Council is to have effective decision making process in place and confidence that these processes are performing well. Effective decision making supports the Council in its delivery of Corporate Outcomes and to react to changes and reductions in funding and commercial opportunities.

We found there are effective structures in place to support decision making. These have been updated and aligned to reflect recent changes in Councillor's through elections and management through restructuring and recruitment.

Member committees have all been approved since the May 2015 elections, with membership, chairs and lead officers all agreed and documented. Staff survey results showed there is nearly 100% agreement that the committee process is understood.

The management leadership teams and project boards are established and regular meetings taking place. The Business Improvement team provide corporate support and scrutiny on project management and progress reports.

Our audit identified some areas within the structures for effective decision making where systems could be strengthened.

Areas include:

- Ensuring the accuracy and quality of the forward plan, used to drive meeting agendas.

- A review of the Strategic Leadership Team meetings, including attendance, membership and whether agenda items are strategic or operational.
  - Introducing a priority system to agenda items to strengthen the link between workloads and resources.
  - Agreeing Terms of Reference for all the groups and boards to document and clarify the role of each group.
5. We are reporting one audit where Major Improvement is needed. The full Executive Summary is attached at Appendix 2:

### **Development Management Improvement Plan**

Our work identified that progress has been slow in pulling together an improvement action plan – the initial plan drawn up in March 2015. Whilst it is acknowledged that the senior management changes have undoubtedly affected progress there was an expectation that an improvement plan would be put in place as a matter of priority.

Given the scope and nature of the improvements identified we suggest the improvement plan is put on a project footing – this will increase the chance of success and enable more formal governance and oversight through the transformation board. This will also provide the opportunity for wider management assurance that the plan objectives and measures will meet and deliver the improvements required.

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

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6. There are three planned 2015/16 audits currently in progress:
- Local Land Charges
  - Grant Management
  - Enforcement

## **Other Significant Work**

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7. Other audit work undertaken during the period:

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

The final audit report is now complete and we are reporting an Effective Assurance Opinion.

Our review found that producing the Central Lincolnshire Local Plan is both high profile and complex with multiple strategic risks and interdependencies. The partners, local plan team and committee members are committed to producing a simple, effective plan for adoption in 2016. We covered all areas outlined in the scope in detail and are pleased to report that the Local Plan project is on track and we assess current arrangements as effective for maximising the chance of producing an adoptable Local Plan by 2016.

The full report is attached for information at Appendix 6.

## Lincolnshire Counter Fraud Partnership

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8. The Partnership has been working with district representatives to establish its working arrangements. It is early days but the Partnership representatives are meeting regularly to progress the Fraud Work Plan – key areas include developing a county wide fraud risk register, raising fraud awareness, reviewing compliance against the Cipfa code on managing fraud and corruption and progressing funded projects – Single Person Discount and Council Tax Support. Districts have been asked to submit further bids for consideration by 31 August 2015 (further funding available of £40k - £70k).

The fraud risk assessment will be used to determine priorities for pro-active fraud work (e.g. procurement, housing, grants, business rates and insurance). Districts are considering areas of particular interest and nominating subject area experts so that scoping work can progress. The Partnership will be working with the districts to develop their specific fraud risk register so fraud risks can be routinely considered.

Various initiatives are being considered to raise awareness and understanding of fraud – an initial press release is scheduled (August 2015) and fraud articles are planned for key publications. Fraud awareness sessions are being developed for Audit Committee. A formal communications plan is being developed.

Progress is being made with the funded projects: **Single Person Discount** – data matching and intelligence is being gathered and individuals contacted where indicators suggest non-entitlement to the discount. Key work will be completed before the Council Tax Base calculation (5 October 2015). Expected savings from this project will be reported from 28 August 2015. **Council Tax Support pilot (lead by WLDC)** – cases are currently being identified and investigation work is being performed to identify incorrect payments.



## Performance Information

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9. Our current performance against targets for 2015/16 is shown below.

Performance Indicator	Target	Actual
Percentage of plan completed.	100% (revised plan)	17%*
Percentage of key financial systems completed.	100%	0%
Percentage of recommendations agreed.	100%	100%
Percentage of recommendations due implemented.	100% or escalated	Too early to determine
Timescales: Draft report issued within 10 working days of completing audit.	100%	100% 2 out of 2
Final report issued within 5 working days of CLT agreement.	100%	100% 2 out of 2
Period taken to complete audit – within 2 months from fieldwork commencing to the issue of the draft report.	80%	100% 2 out of 2
Client Feedback on Audit (average)	Good to excellent	Excellent Return rate = 100%

\* Indicator based on the number of days spent against the total number of days within the revised plan.

## Outstanding Recommendations

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10. 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 5.

## 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 – Assurance Definitions (2015-16)

<p><b>High</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><b>Substantial</b></p>	<p>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.</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.</p>
<p><b>Limited</b></p>	<p>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.</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><b>Low</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>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>

## **Appendix 3 – Audits with Major Improvement Needed (Executive Summaries only)**

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### **Development Management Improvement Plan**

#### **Introduction and Scope**

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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. The service was experiencing a number of different issues including:

- review and restructure at the Head of Service level;
- a high number of applications and complex applications;
- a turnover in experienced staff;
- Some ineffective processes and systems.

During 2014/15 the actual income received for planning application totalled £1,136,348 against a budget target of £498,500. This increase is as a result of larger more complex applications rather than an increase in volume.

An interim team manager was appointed in January 2015 following the Senior Manager Review and departure of the former Head of Service. Their overall objectives are:

- 1 Stabilise the team and ensure that it is properly resourced to deal with the workload.
- 2 Review systems and processes to ensure efficiency
- 3 Drive up performance, especially on major planning applications
- 4 Advise on the best structure of the team to deal with current and future requirements

Recognising that work was underway to address the service issues we agreed that our Internal Audit review would be completed in 2 phases:-

Phase 1 Our assurance work focussed on the robustness of the improvement plan and the associated governance arrangements put in place. To be conducted in February 2015 (the subject of this Audit report).

Phase 2 Our work will seek to provide assurance that sufficient progress has been made in implementing the improvement plan and that expected outcomes have delivered and the service is effective. This assurance work has been scheduled for late 2015 or early 2016.

#### **Scope and Coverage**

Phase 1 of our work covered governance and management oversight and a review of the action plan (s) to ensure the areas of concern / issues are being addressed. This involved evaluating the following key areas:

- There is an approved governance structure in place,
- Roles and responsibilities are clearly defined,
- There is regular performance monitoring and reporting,
- There are systems in place to manage service reviews and implement changes,
- Improvement plans are managed to monitor delivery of changes and benefits.

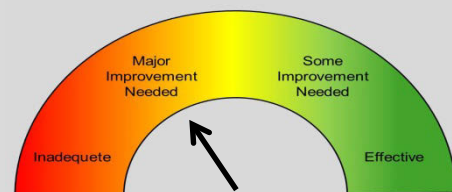
Our scope did not include the Joint Planning Unit – the governance and performance arrangements of this entity are subject to a separate audit.

## Executive Summary

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### Assurance Opinion

#### Major Improvement Needed



Our work identified that progress has been slow in pulling together an improvement action plan – the initial plan drawn up in March 2015. Whilst it is acknowledged that the senior management changes have undoubtedly affected progress there was an expectation that an improvement plan would be put in place as a matter of priority.

Given the scope and nature of the improvements identified we suggest the improvement plan is put on a project footing – this will increase the chance of success and enable more formal governance and oversight through the transformation board. This will also provide the opportunity for wider management assurance that the plan objectives and measures will meet and deliver the improvements required.

Our examination of the improvement action plan showed that more needed to be done to ensure that it is effectively addresses the issues identified, e.g.

- The plan is incomplete with two outcomes having no named officer as responsible for delivery
- The outcomes are not prioritised although some are more critical than others
- Outcomes are assigned to generic service roles and not named officers
- Some of the outcomes lack detailed measures and or targets by which progress could be monitored

It is important that the Council can have confidence in service improvement plans we therefore suggest a corporate approach, business improvement support and early review of plans to ensure wider management team support and agreement.

# Management Response

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## Background

There is no doubt that an audit of the Development Management service at West Lindsey District Council is a valuable exercise. However all audits need to take account of the current context of a service and a judgement needs to be made as to whether an audit is taking place at the correct time.

This audit was requested outside the normal audit plan, which is agreed annually by the council's corporate leadership team. It accepted that audits take place in response to triggers which alert officers and members to risks within a service. The principal risk associated with the planning service at this time was that it was under pressure from an upsurge in larger and more complex applications and assurance was needed that it could deal adequately with this pressure. At the time the request for the audit was made, there was concern raised by the senior manager responsible for the services at WLDC that this was not the correct time to audit the service. Although this concern was acknowledged, given the risks associated with the service it was considered that the audit should proceed. However following discussions and engagement between internal audit, the service and the Chief Operating Officer an agreement was reached which resulted in the audit being split into two parts: an audit of an improvement plan (at the time of the request for the audit this did not exist); and a follow up audit of whether the actions identified had been implemented and had led to an improvement in the service.

This report covers the audit of the draft improvement plan produced by the service and not the service itself.

## Context of the Audit

In the autumn of 2014 the service (and the council) was experiencing an unusual set of circumstances that were affecting the management of a number of the services which the council provides. The majority of the services were able to accommodate these circumstances; however the planning service was also experiencing its own unusual set of circumstances which was affecting performance and the customer experience.

## Head of Service Restructuring Autumn 2014

In the autumn of 2014 the council was completing a management review. The first part of that review had been started in 2013 and was completed by mid-2014 when three new directors started in post. The second part of that re-structure was to move the current "heads of service" to become "strategic leads". It is not necessary for the purpose of this audit to outline the rationale for this restructure or the difference between the head of service and strategic lead roles; suffice it to say that it affected all heads of service including the person responsible for development management. This process took place in the last three months of 2014 and culminated in the redundancy of the head of service responsible for development management at the

end of 2014. In order to support the service and to provide the leadership required in order to address the issues the service was facing an interim team manager was appointed who started in his role in January 2015. He had four specific objectives:

- 1 Stabilise the team and ensure that it is properly resourced to deal with the workload.
- 2 Review systems and processes to ensure efficiency
- 3 Drive up performance, especially on major planning applications
- 4 Advise on the best structure of the team to deal with current and future requirements

One of his main tasks was to recruit to the posts which had been approved through the council's vacancy management process at the end of 2014 in order to give the service the additional resources it needed. Even with the recession in recent years there are still problems recruiting well qualified and experienced planners and the time needed undertake this task should not be under estimated.

### **Increase in Large/Complex Planning Applications**

As the audit report states planning fees received by the council had increased significantly in the year 2014/15 from a budgeted figure of £498,500 to an actual figure of £1,136,348. The way planning fees are set means that substantial fees are not received from simple planning applications, such as those received to extend houses. Large fees are received from major complex planning applications. In WLDC in particular there was an increase in applications for major housing developments and applications for renewable energy installations (solar, wind and biomass). The planning fees received by the council, and therefore the complexity of the applications it received, had remained broadly consistent since 2010 and the service was resourced to cover the anticipated number and type of planning applications it had received in the recent past.

### **The Audit Findings**

Whilst the findings of the audit might be valid and if implemented lead to a more effective plan for improving the service I question that given the context of the audit whether sufficient time has been taken to properly diagnose the underlying issues within the team. This is important as only by clearly understanding what the issues are within the team can an effective improvement plan be devised. There is a major difference between putting in place measures to deal with immediate problems ("firefighting") and addressing long term issues.

In my view the service needs to be assessed through an external process which can diagnose the particular issues within the service in the context of national changes in the planning system. That assessment should include an element of challenge, views of stakeholders, customer feedback and have reference to national best practice.

Therefore as part of the agreed actions given below I am committing to a peer review of the service through an accepted process such as that offered by the Planning Advisory Service (PAS).

The aim of the peer review should be:

*“To achieve a more effective, efficient and customer focused service that is “open for business”*

As with any peer review there should be a focus on the following:

- Engagement with key stakeholders to understand their expectations and how conflict and differences of opinion are managed
- To examine systems and process and benchmark against best practice nationally
- Recommending improvements to deliver the aim
- Support the team to introduce improvements, develop their skills, and identify any capacity and skills issues and understanding of the expectations of key stakeholders.

More specifically the peer review should include the following objectives:

- An understanding of the specific views of stakeholders to inform a shared understanding of the purpose of the service which should assist in managing conflicting views.
- Processes and systems that enable an efficient and effective service to be developed and is evidently open for business. This should be based on effective benchmarking with best practice nationally.
- A service that engages with different types of needs of areas
- Identifies peoples’ development needs
- Establishes standards for the service around what is reasonable with the resources available.

In the meantime the draft improvement plan will be revised to take account of the findings of this audit and where appropriate the actions will be progressed.



## 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	July 2015		
Insurance	10	To ensure that the Council has effective arrangements in place to manage its insurable risk.	April 2015	April 2015	July 2015	Substantial Assurance
Key Control Testing: <ul style="list-style-type: none"> <li>• Creditors</li> <li>• Debtors</li> <li>• Payroll</li> <li>• Treasury</li> <li>• General ledger</li> </ul>	20	Delivery of key control testing to enable the Head of Internal Audit to form an opinion on the Council's financial control environment.	November 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.		Areas to include: <ul style="list-style-type: none"> <li>IT wireless security</li> <li>Incident reporting</li> <li>New systems and inventories</li> </ul>	TBC			
		Mobile Devices – Samsung Tablets	September 2015			
<b>Sub Total</b>	<b>20</b>					
<b>Emerging Issues and Key Risks - 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. We will complete 7 – 8 audits and the following areas have been identified through our risk assessment and on the assurance map as possible areas to focus audit activity.</b>						
Land, Property & Estate Management	<b>10</b>	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).	January 2016			
Local Land Charges	<b>10</b>	Review of existing procedures to be undertaken in Quarter 1, to identify issues to be addressed when introducing new automated system.	April 2015	June 2015		Audit Postponed at request of Client
Community Safety and Anti-Social Behaviour	<b>10</b>	Review and assess the effectiveness of Internal Control in this area and including safeguarding.	October 2015			










Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
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	July 2015	August 2015	Substantial Assurance
Development Management	10	A full review to provide assurance that sufficient progress has been made in respect of implementing the improvement action plans and that they have delivered expected outcomes.	October 2015			
Traded Services	10	Review of the governance, performance and financial arrangements that support trading.	February 2016			
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	June 2015		
Contract Management – Follow Up	5					
<b>Subtotal</b>	<b>85</b>					
<p>To enable Internal Audit to respond to changes during the year we will meet regularly with Senior Management to focus our audit assurance work. The following areas have been identified as additional areas should there be any revisions to our planned work:</p>						
Corporate Planning		High level review of the planning process in place for the Council:- corporate priorities, business plans, objectives.				

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
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>Other relevant Areas</b>						
Combined Assurance	<b>10</b>	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	<b>25</b>		August 2015	September 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 Recommendations	Number Implemented	Outstanding			Not Yet Due	Notes	Direction of travel
					High	Medium	Total			
<b>Previous Years</b>										
Change program	Nov 2012	Substantial	11	10	0	1	1		Revised date 30/09/15. The travel policy and home working policy are currently being reviewed and are on the forward plan for September 15.	
IT Security	Aug 2013	Limited	15	13	2	0	2		Revised date 31/12/15 Ownership of the IT Strategy production has been re-assigned. The Infrastructure Strategy is subject to discussions with NK which have been delayed due to staff changes.	
Information Governance	May 2013	Limited	10	8	0	2	2		Protective Marking and file naming policies waiting sign off.	
			<b>36</b>	<b>31</b>	<b>2</b>	<b>3</b>	<b>5</b>			
<b>2013/14</b>										
Investment Decisions	Nov 2013	Limited	12	12	0	0	0		Implemented	

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Asset Management – Utilisation and Disposal	Feb 2014	Limited	9	8	1	0	1		Revised date 30/09/15 Commercial Strategy to be reviewed.	
			<b>21</b>	<b>20</b>	<b>1</b>	<b>0</b>	<b>1</b>			
<b>2014/15</b>										
Economic Development	Dec 2014	Some Improvement Needed	5	4	0	1	1			
Information Governance	Jan 2015	Some Improvement Needed	11	8	1	2	3			
Debtors	Feb 2015	Some Improvement Needed	5	5	0	0	0		Implemented	
Vulnerable People	Mar 2015	Some Improvement Needed	8	8	0	0	0		Implemented	
Contract Management	Apr 2015	Major Improvement Needed	10	1	3	1	4	2 H 3 M		
Creditors	May 2015	Some Improvement Needed	6	5	0	1	1			
ICT Mobile Devices	May 2015	Some Improvement Needed	6	0	0	0	0	1 H 5 M		
Development Management Improvement Plan	July 2015	Major Improvement Needed	1	0	0	0	0	1 H		
			<b>52</b>	<b>31</b>	<b>4</b>	<b>5</b>	<b>9</b>	<b>12</b>		
<b>2015/16</b>										
Insurance	July 2015	Substantial Assurance	7	0	0	1	1	6 M		
Effective Decision Making	August 2015	Substantial Assurance	7	0	0	0	0	7 M		
			<b>14</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>13</b>		
<b>Grand Total Outstanding</b>					<b>7</b>	<b>9</b>	<b>16</b>			 <b>9 reported at last report</b>

## Outstanding Audit Actions August 2015

Title	Finding	Agreed Management Response	Recommendations	Allocated To	Priority	Due Date	Revised Date	Reasons for expiry and comments.
Creditors 2014-15	<p>We compared the sample of invoices selected for testing against the transparency data on Council spend published on the authority's website.</p> <p>From the sample of 25 invoices examined, we found six payments that were not included within the transparency data. However, we acknowledge that several of these were in respect of suppliers whose name could be perceived as being a sole trader. Instead of these transactions being included in the online reports with the name redacted, the transactions were excluded. The absence of accurate information within the transparency reports may give the impression to the public that the authority is withholding information about its spending activities.</p> <p>Subsequent review by management has indicated that the 2014/15 unreported element at this time amounts to around £565k comprising 51 cases.</p>	<p>A cumulative summary of expenditure for 2014/15 will be published online. This will ensure that all appropriate expenditure has been disclosed.</p> <p>The main issue has been identified as being that the employee category of spend was being excluded in its entirety although costs relating to agency staff and training are required to be published as they constitute a supply or service. New regulations regarding transparency publications have been introduced for 2015 and these will be reviewed and actioned by the Financial Services Manager.</p>	<p>Ensure transparency reports include all spend data as set out in the Local Government Association Guidance published in December 2014.</p>	Tracey Bircumshaw	Medium	31/07/2015		
Economic Development 2014	<p>Delivery of the strategic objectives is underpinned by detailed support measures which show what actions are taking place to achieve the objective.</p> <p>We found that for two of the eight strategic aims there were no detailed support measures listed. To provide assurance that actions are taking place all the high level aims should have listed support measures by which progress can be monitored.</p>	<ul style="list-style-type: none"> <li>- Development of Action Plan through Growth Board</li> <li>- Engagement of partners in further development of Action Plan</li> </ul>	<p>Review the strategy and ensure that all objectives are supported by detailed measures.</p>	Mark Sturgess	Medium	31/05/2015		

## Outstanding Audit Actions August 2015

Title	Finding	Agreed Management Response	Recommendations	Allocated To	Priority	Due Date	Revised Date	Reasons for expiry and comments.
Information Governance 2015	There is an uncoordinated approach to producing Information Sharing Agreements and an uncertainty as to the existence of such agreements. Without these agreements in place the Council could potentially be in breach of the Data Protection Act (DPA).	Legal Lincolnshire will be undertaking a workshop for staff handling personal information which will include Information Sharing Agreements. These will then be reviewed and updated as necessary.	Agree and schedule a programme of work for a: - compliance review of all current Information Sharing Agreements. - Service review to identify any Information Sharing Agreements required. Information Governance Officer to review all Information Sharing Agreements for compliance prior to sign off.	James O'Shaughnessy	High	31/03/2015		Library of ISA's created and population underway by Team managers
Information Governance 2015	There are further areas of work planned around Information Governance compliance, however due to the implementation of the new ICT infrastructure; these have been put on hold until this has been implemented.  It is important that the Council project plans the completion of this work so that a realistic timescale is applied.	The scope of work has been identified and will be passed to the Transformation Board for approval.  Each priority will detail a list of projects with timescales. Completion of these projects will be reported back to the Transformation board.	Consider a project plan for work to be completed once the new infrastructure has been introduced. This is to include: - completion of Information Asset Registers. - Protective marking scheme.	James O'Shaughnessy	Medium	31/03/2015		The register is in draft and will be rolled out as part of the Information Asset owner training scheduled for 14 Oct. Training will address several matters.



## Outstanding Audit Actions August 2015

Title	Finding	Agreed Management Response	Recommendations	Allocated To	Priority	Due Date	Revised Date	Reasons for expiry and comments.
WLDC ICT Infrastructure 12/13	Ensure that a comprehensive ICT strategy is produced, and in particular addresses the question of 'sharing' services and people across Local Authorities.	Agreed - Gareth Kinton (ICT Manager) will progress the recommendation for a detailed IT strategy with the business. It is recognised that the IT strategy should 'align' with other strategies from partner Authorities to whom closer integration may be required in the future.	A 'high-level' IT strategy is being produced, however we were advised that it may not cover the use of 'shared' resources across authorities, including for example people and IT resources.  The draft ICT strategy was not seen during the audit.	Gareth Kinton	High	31/12/2013	22/05/2015	The ICT strategy for the organisation went to CLT but was not agreed. The Infrastructure Strategy is subject to discussions with NK which have been delayed due to staff changes. This version is pertinent to the work ICT is doing and should be re-aligned to December 2015
WLDC Information Governance 12/13	The authority does not have an agreed file naming structure and conventions. The absence of a standard corporate approach means we cannot be assured that all data held can be easily identified and accessed.	See agreed action on finding three	Once the Records Management Policy has been adopted, a file naming structure and associated procedures and processes will need to be agreed and implemented, technical solutions implemented if required and staff training completed.	James O'Shaughnessy	Medium	30/09/2013	30/01/2015	Discussions are ongoing with ICT over the development of a corporate filing system. Progress is to be reviewed.

## Outstanding Audit Actions August 2015

Title	Finding	Agreed Management Response	Recommendations	Allocated To	Priority	Due Date	Revised Date	Reasons for expiry and comments.
WLDC Information Governance 12/13	A protective marking policy is in place; however management feel this is not fully effective at present.	See agreed action on finding three	The Cabinet Office has advised that the Government Protective Marking Scheme is to be revised to bring it in line with the US scheme. No timescales have been released yet but organisations who have not yet implemented the old scheme are advised to wait for the new scheme. Action to be reviewed in 3 months.	James O'Shaughnessy	Medium	30/09/2013	31/03/2015	Now closed as superseded by finding in subsequent Information Governance Audit of 2015



Public Sector Auditing ..... Private Sector Thinking

# Internal Audit Report *Central Lincolnshire Local Plan*



**Overall Opinion:**



**Date:** *April 2015*

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The matters raised in this report are only those which came to our attention during our internal audit work. Our quality assurance processes ensure that our work is conducted in conformance with the UK Public Sector Internal Audit Standards and that the information contained in this report is as accurate as possible – we do not provide absolute assurance that material errors, fraud or loss do not exist.

This report has been prepared solely for the use of Members and Management of Central Lincolnshire Joint Local Plan Partnership. 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.

**Auditor**            **Rachel Abbott**  
**Head of Audit**    **Lucy Pledge CMIIA**

<b>Distribution</b>	Andy Gutherson – County Commissioner for Economy & Place LCC John Latham – Director of Development & Environmental Services CoL Mark Sturgess - Director of Operational Services WLDC Ian Fytche – Chief Executive Officer NKDC Karen Bradford – Corporate Director NKDC Kate Ellis – AD – Planning and Regeneration CoL Andrew McDonough – Head of Development, Economic and Cultural Services NKDC Richard Kay – Local Plan Manager  External Audit
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# Background

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The National Planning Policy Framework (2012) requires all planning authorities to produce a Local Plan.

The aim of the Local Plan is to prepare plans and policies that help create places that are sustainable and attractive to live in. The Local Plan should work together with other plans and policies, such as economic, housing and environmental strategies.

In 2009 the Lincolnshire district councils of West Lindsey and North Kesteven, the City of Lincoln Council and Lincolnshire County Council formed a joint planning authority, known as the Central Lincolnshire Joint Strategic Planning Committee (CLJSPC). This became statute through an order by the Secretary of State.

The purpose of the CLJSPC formation was to produce a Local Plan for Central Lincolnshire, so a team of planning staff was formed, known as the Joint Planning Unit (JPU). The JPU were tasked with producing a form of Local Plan, known as a Core Strategy.

The Core Strategy was produced and submitted for an 'Examination in Public' by the planning inspectorate in October 2013, with a hearing scheduled for February 2014. The Inspector identified some early key concerns with the Core Strategy and highlighted these to the CLJSPC along with various options to take this forward. Options included withdrawal of the Core Strategy for further work. This option was chosen and the Core Strategy withdrawn in December 2013. In January 2014 the CLJSPC agreed to a revised project plan to produce a Local Plan for adoption in 2016.

At the time the JPU was also being restructured and became the Local Plan Team. Voluntary redundancies and further resignation of staff resulted in vacancies in the new structure, including the post of Local Plans Team Manager.

The Planning Team at Peterborough City Council approached Central Lincolnshire to offer their services to support producing the Local Plan. The PCC planning team's experience and track record of producing local plans were considered as a benefit to Lincolnshire in taking the Local Plan forward and it was agreed that the vacancies within the Local Plans Team would be filled through an agreement with PCC. This was to be further supported by management and staff contributions from each of the partners.

## Introduction and Scope

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The Local Plan was highlighted as high risk during our assurance mapping exercise, as such being an area where members and management sought assurance.

Our audit has combined the resources of three of the partners to ensure joined up coverage and reporting; however we have also included the fourth partner in all stages of the audit.

Our scope sought to provide assurance that the revised approach to producing the Local Plan maximises the chance of delivering an adoptable Local Plan in 2016. We covered a broad range of the governance, risk and control elements, including:

- Governance arrangements of the partnership
- Project management of the Local Plan
- Staffing and resources adequacy – now and in future years
- Contract management of external planning experts
- Quality assurance processes over the evidence base
- Stakeholder engagement and consultation
- Financial management and sustainability of the partnership

We are not providing assurance on the technical quality or adequacy of evidence or the local plan contents as this assessment would need an independent planning professional's input. Assurance on this is provided by Management through effective Governance and Project Management arrangements.

## Our Approach

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Due to the broad nature of the scope the audit was completed in phases between September 2014 and February 2015.

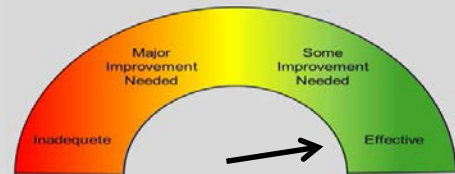
We produced two highlight reports during this period to ensure timely updates on progress, findings and recommendations and allow management to take swift action.

This final audit report covers all areas of the review including previously reported findings and recommendations - where these have been implemented we have provided details on actions taken.

# Executive Summary

## Assurance Opinion

### Effective



Our review found that producing the Central Lincolnshire Local Plan is both high profile and complex with multiple strategic risks and interdependencies. The partners, local plan team and committee members are committed to producing a simple, effective plan for adoption in 2016. We covered all areas outlined in the scope in detail and are pleased to report that the Local Plan project is on track and we assess current arrangements as effective for maximising the chance of producing an adoptable Local Plan by 2016.

The Local Plan Team have identified some key risks effecting production of the Local Plan, these are:

- Lack of 5 year specific deliverable housing land supply
- Non delivery of highways and other key pieces of infrastructure

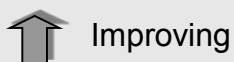
Whilst these cannot be removed we can confirm these are being tracked and managed through a formal risk management process

Our High level findings are:

- Governance arrangements are in place and effective in directing and controlling production of the Local Plan
- Delivery is project managed to ensure clear planning and monitoring of key tasks and milestones
- Risks and issues are identified, recorded and monitored regularly ensuring understanding and management of key risks
- An inclusive approach has allowed for a wide range of stakeholders and communication channels to be identified
- Consultation to date has been planned, well executed and feedback shared therefore allowing the team to demonstrate effective public consultation
- All evidence requirements have been identified, are tracked and subject to quality assurance reviews which maximises the chance of evidence being adequate to support the Local Plan
- The Local Plan budget is well managed and the medium term financial plan shows a healthy financial position, demonstrating financial sustainability over the next few years
- The local plan team is co-sourced which allows for flexibility and access to a wide range of skills and experience in local plan production

The partnership has a Service Level Agreement with Peterborough City Council for support in delivering the local plan, which is working well.

### Direction of Travel



Improving

We previously assessed the work of the Joint Planning Unit in 2012. We could only provide limited assurance over plan production due to concerns over capacity to deliver the required evidence to support the plan in the timescales. We can now provide a much higher level of assurance over delivery arrangements for the Local Plan.

### Governance Arrangements

Our review of governance took place in September 2014. This confirmed an appropriate structure is in place to manage delivery of the local plan, partners are equally represented and meetings are regular and effective in managing the programme. We established that roles and responsibilities are defined in the Memorandum of understanding and Terms of Reference and there through observation at meeting and review of minutes we evidenced these are followed in the approval of key decisions.

There is a Local Development Scheme in place which provides a timetable for delivery of the local plan in compliance with legislation, which is supported by a more detailed project plan. Delivery against these is monitored and reported on a regular basis throughout the governance structure. We also reviewed a sample of Information presented to key governance groups, which we assessed as reliable complete and accurate therefore supporting consideration of options and decision making.

We made some recommendations for improvement in our first highlight report, most significantly on the effective operation of the Coordination of Delivery Group (CoD), whose purpose is to support the delivery of the strategy for growth in Central Lincolnshire. We confirmed the CLSG's concerns regarding the effectiveness of this group and confirmed the need for it to operate at a more strategic level. The CoD Group met and discussed this in November 2014 and agreed to revise terms of reference, to include recommendations on attendees at the meeting. Management update on action to improve effectiveness includes agreeing revised terms of reference for the group. Management confirmed appropriate attendance and told us the Investment (Open for Growth) Peer Review made positive comments about the role and purpose of the group.

### Project Management

We considered the Local Plan from a project management perspective in September 2014 and were able to confirm that a master programme document is being maintained and is regularly reported to the Head of Planning and CLSG. This allows them to identify any deviances and take corrective action as necessary. The plan also highlights interdependencies ensuring clarity on the bigger picture and the wider impact on the Local Plan. The local plan team are experienced in project



management and the Team Manager has led several previous local plans successfully through inspection to adoption.

The team can demonstrate management of strategic risks to help minimise the impact on delivery, should they materialise. These are captured in a project risk register which is monitored and reported to the CLSG monthly.

We also considered lessons learnt from the Core Strategy examination, i.e. the issues that caused concern for the inspector and led to the withdrawal of the strategy. We confirmed actions are being taken to address these.

We identified some areas for improvement in relation to housing land supply and project management processes which we reported in our first highlight report in November 2014. Follow up confirmed that the risk of not having a 5 year housing land supply has been added to the strategic risk register which will ensure there is regular formal and transparent monitoring and reporting on this risk and the progress made in managing it. We can also report that the Local Plan Manager has been allocated the programme manager role so provides a central co-ordination of information. He now produces a monthly progress report to CLSG, includes both issues and change logs as per our suggested improvements.

#### **Quality assurance over the evidence base**

The National Planning Policy Framework states 'Each local planning authority should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area.' The framework requires a 'proportionate' approach to the evidence base, but is not prescriptive.

The Local Plan Team has adopted a simple approach to evidence, with the style being enough to inform and support the plan, along with clear links to the plan for all pieces of evidence and nothing more. This aims to make the examination process a lot easier for the inspector.

We found that evidence requirements on which to base the plan have been identified and a master list is maintained which includes status of the evidence and details of the officer responsible for producing it. This list is included in the progress report to CLSG which allows monthly monitoring and for any corrective action to be taken promptly.

The Local Plan Manager has a process in place for review of all complete evidence to verify quality. This has a focus on methodology, data and conclusions. When necessary the Heads of Planning or Steering Group are involved in this process, especially if a decision is needed.

We also confirmed that complete evidence is published on the Central Lincolnshire planning website which ensures transparency and maximises the information available to stakeholders.

### **Stakeholder engagement and consultation**

We undertook our review of this area during October and November 2014. Our assessment of stakeholder identification and communication found that a named lead for communication was in place and the key stakeholders and various communication channels were identified in a workshop with the Central Lincolnshire Joint Strategic Planning Committee (CLJSPC) early in 2014. Outcomes were formalised into a community engagement strategy. This strategy identifies the key stakeholders we would expect, including Local Authorities, Councillors, Parish and Town Councils, Residents, and community groups. The strategy is supported by a Communications Plan which details stakeholders and also defines communication channels including face to face events, media, social media, targeted emails / letters, posters and newsletters.

The Local Plan Team has chosen a phased approach to consultation, planning three periods of public consultation at key points during production of the plan. We conducted our review between September and November 2014 to allow us to assess implementation of the phase one consultation plan and attend consultation events.

The purpose of this early consultation was to engage with stakeholders on policy choices and invite feedback to help inform and firm up policy as the plan develops. With this purpose in mind we considered the length and timing of the consultation to be appropriate.

We assessed the information shared and whilst acknowledging that by its very nature the Local Plan is lengthy, we found it to be written in a simple way to improve understanding for residents and those without a planning background.

Our review also included feedback. We confirmed that all feedback was published on the website within a reasonable period ensuring transparency. The Local Plan Team has also produced and published a report summarising feedback and providing a response where possible demonstrating that it will be used to inform the Local Plan going forward.

Only minor recommendations resulted from our review, for which we agreed actions to address. These will be undertaken during the second round of consultation during the summer of 2015.

### **Financial Management and Sustainability**

During December 2014 we reviewed the finances of the Local Plan Team, which has a 2014/15 income budget of £706,600 and planned expenditure of £624,900. We looked at management arrangements, budget setting, coding and budget monitoring, which we found to be effective. We also looked at budget reporting which we assess as effective in terms of management reporting; however we did recommend contingency arrangement for reporting to the CLJSPC should a meeting where a finance report is due be cancelled.

Budget setting includes a medium term plan covering 2014/15 to 2016/17. The plan shows a carry forward to reserves for 2014/15 and a balanced budget for the other

two years. The reserves are healthy during this time period and we assess on this basis the partnership to be financially sustainable in the medium term.

We also confirmed that as responsible body, NKDC prepares and returns the annual accounts to the external auditor in the set format and within timescales.

### **Staffing and Resources**

We confirmed that the local plan team has a formally approved structure which it has appointed too through a mix of directly employed staff and staff through the Service Level Agreement with Peterborough City Council. This approach allows the team to access additional resources when needed and select specific skills and experience from a wider pool of staff to better match to tasks. We identified that all planning staff are suitably qualified and are Chartered Members of the Royal Town Planning Institute. Their development needs are identified and monitored through regular one to one meetings and appraisal with the Local Plan Manager.

Senior Management changes at LCC and WLDC have had an impact on the local plan governance structure. We met with Senior Management at both partners to discuss the impact of these changes and how these are being managed. Management were able to provide details on structures in place to manage governance and resource contributions in both the short and longer term thus providing assurance that this risk is being managed.

Taking all this into account we assess that current staffing arrangements are suitable and working in terms of delivering to current demand, whilst also having the flexibility to adapt resource levels provided by PCC should demand require it.

### **Contract management**

We reviewed the agreement with Peterborough City Council (PCC) for the provision of a Local Plan Manager and planning staff. We found this is defined through a Service Level Agreement (SLA), which covers the period, requirements, costs, reporting, monitoring and exit strategy. The SLA was agreed by partners and the committee.

Monitoring against the SLA is done monthly, with the Local Plan Manager producing a monthly contract progress report to the NKDC Head of Planning.

We identified that there have been no issues with poor performance regarding the contract and the local plan programme is on track. Management reported that the change of key personnel (due to a planner allocated to Central Lincolnshire leaving PCC) was managed seamlessly, which ensured there was no interruption to the service provided.

We would like to acknowledge the help of the CLSG members, the Heads of Planning and the Local Plan Team in undertaking our work.

# Management Response

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The Audit Report provided a robust analysis of the current governance arrangements in place across the Central Lincolnshire Partnership.

Actions 1,2,3,4,5,6,10 have all been implemented.

Actions 7 & 8 will be actioned by the communications sub-group as they finalise the consultation approach for the preferred options consultation in September 2015. This group will include engagement with Cllr representatives from the parties in the Local Plan Partnership.

Action 9 will be actioned by the Local Plan team leader to ensure all evidence is fully available to support the September 2015 consultation activity.

<b>Management Actions</b>	<b>No</b>	<b>All to be completed by:</b>
High Priority	Two	Complete
Medium Priority	Six	30 <sup>th</sup> June 2015

## Findings, Recommendations and Agreed Actions

No	Findings	Recommendations	Agreed Actions	Priority	Action Taken and Status
<b>Governance Arrangements</b>					
1	Governance arrangements include the Central Lincolnshire Steering Group (CLSG), which is a Director level strategic forum with a representative from each partner. Our review of this group's meetings between February and August 2014 highlighted no director level attendance from Lincolnshire County Council (LCC); although we did note the Head of Planning for LCC did attend all meetings.	To ensure a strategic perspective from all partners we would advise attendance from a LCC Director or Assistant Director at the CLSG meetings where possible.	The attendance by LCC reflected changes being implemented as part of the Senior Management Review process. LCC's nominated representative on this group in the future will be the County Commissioner for Economy and Place.	Medium	The County Commissioner for Economy and Place now attends CLSG. He also still attends HoPs to ensure continuity at the time of high activity.  Status: Action Implemented
2	We found that the Coordination of Delivery (COD) Group was not effectively discharging its terms of reference or achieving its - evidencing that infrastructure delivery is aligned to the local plan.	we recommend the following actions are considered / taken to improve the effectiveness of the COD group:  ~ review and update of its terms of reference including attendees, frequency, accountability	CLSG had previously identified the need to review the working of the Co-ordination of Delivery (CoD) Group. A discussion occurred at the CoD meeting on 4 November which will result in a revised terms of	High	Revised terms of reference have been agreed by the group and the Investment (Open for Growth) Peer Review made positive comments about the role and purpose of the

No	Findings	Recommendations	Agreed Actions	Priority	Action Taken and Status
	<p>Our review identified:</p> <ul style="list-style-type: none"> <li>- Attendance by District Director's or Heads of Service was very low, with substitutes not having decision making authority</li> <li>- The lack of senior officer attendance has stopped the group being able to unblock issues and remove barriers effectively.</li> <li>- The programme register is missing vital information and does not link projects to risk or prioritise works in relation to the local plan.</li> <li>- The programme register is not kept up to date so the COD group is spending valuable time updating this instead of discussing it 'by exception' as it should.</li> </ul> <p>Partners have recognised that this group is not delivering and have now agreed about the purpose and objectives of the group and how it can be</p>	<p>framework</p>	<p>reference being drafted including recommendations on attendees at the meeting. The detailed recommendation from the Audit report will be addressed by this work. CoD meets every two months at present and this action will be completed by March 2015.</p>		<p>group</p>

No	Findings	Recommendations	Agreed Actions	Priority	Action Taken and Status
	moved forward to make it more effective.				
<b>Project Management</b>					
3	<p>The National Planning Policy Framework requires planners to 'identify and update annually a supply of specific deliverable sites sufficient to provide 5 years' worth of housing against their housing requirements'. There is currently 3.5 years supply of deliverable housing land supply and as the gap is quite large it is not expected that this can be filled in time for the local plan - this has some significant implications as without a 5 year supply it makes it more difficult to refuse planning applications as housing supply is not being met. As this was also an area highlighted as a concern during inspection of the core strategy we consider this to be high risk.</p>	<p>The shortage of supply of deliverable housing land should be classified as a strategic risk and recorded on the risk register. This will ensure close regular monitoring of mitigating actions and regular reporting on progress on reducing the risk.</p>	<p>This issue is acknowledged within the risk register reported (items 2 and 10) for the Local Plan project and its status has recently been upgraded following the special meeting of WLDC. A further specific risk reflecting the audit report recommendation will be added to the risk register.</p>	High	<p>We confirmed that land supply has been added to the strategic risk register, which allows for regular monitoring and clarity on actions underway to mitigate this risk.</p> <p>Status: Action Implemented</p>

No	Findings	Recommendations	Agreed Actions	Priority	Action Taken and Status
4	<p>The local plan project is made up of many small projects which collectively will deliver the local plan. The structure has multiple project managers and reporting to the steering group is not always consistent. This approach does create a risk that information sharing may not be adequate to ensure everyone's work is co-ordinated and any issues with ultimate production of the local plan are identified and addressed promptly.</p>	<p>Allocation of an information co-ordination role to one individual would benefit this as all information to the steering group will go through this person.</p>	<p>The importance of effective programme management is acknowledged. A further review will occur of the role of the Heads of Planning (HoP) group and the reporting arrangements to this group from the Local Plan Manager. This may require a review of the SLA with PCC if additional resource is required to fulfil this task.</p>	Medium	<p>We confirmed that the Local Plan Manager has taken on the role of programme co-ordinator.</p> <p>Status: Action Implemented</p>
5	<p>The Local Plan project does not have a formal change control procedure or change control log. So far change has been minimal; However it is anticipated that change will be likely next year when proposed housing developments are identified and assessed. Without a formal process there is a risk that change may not be managed sufficiently or consistently.</p>	<p>Management should introduce a change control procedure to ensure minimal disruption from changes as the plan progresses. This should include:</p> <ul style="list-style-type: none"> <li>- How and when to request change</li> <li>- Authorisation of change</li> <li>- Recording of change</li> <li>- Communication of change</li> </ul>	<p>The importance of effective change control in project management is acknowledged. In reviewing the programme manager tasks and functions regard will be had to ensuring a change control arrangement is agreed and implemented.</p>	Medium	<p>As part of his role as programme co-ordinator the Local Plan Manager produces a monthly progress report which is presented to CLSG. This includes an issues log and a change log.</p> <p>Status: Action Implemented</p>



No	Findings	Recommendations	Agreed Actions	Priority	Action Taken and Status
6	<p>The Local Plan project management does not include maintaining an issues log. Whilst we can see consideration and action to deal with issues a formal issues log provides a tool for tracking and communicating issues.</p>	<p>The project team should create and maintain an issues log. This will allow them to:</p> <ul style="list-style-type: none"> <li>- Have a safe and reliable method for the team to raise issues.</li> <li>- Track and assign responsibility to specific people for each issue.</li> <li>- Analyse and prioritise issues more easily.</li> <li>- Record issue resolution for future reference and project learning.</li> <li>- Monitor overall project health and status.</li> </ul>	<p>A progress report is presented to CLSG. CLSG will consider changes required to this report to ensure this serves as an issues log as suggested.</p>	Medium	<p>As part of his role as programme co-ordinator the Local Plan Manager produces a monthly progress report which is presented to CLSG. This includes an issues log and a change log.</p> <p>Status: Action Implemented</p>
<b>Consultation and Stakeholder Engagement</b>					
7	<p>Our review of social media presence during the consultation identified that feedback comments from users, whilst there were only a few, were not responded to. We acknowledge it is often not possible to resolve a question or observation, but a response should still be provided as not doing so could create an impression that comments are</p>	<p>The communications team should consider how they will deal with responding to feedback on social media for future consultations as careful management of an interactive forum is more valuable than a simple information page.</p>	<p>A revised approach to use of social media will be considered as part of the communications strategy for the next round of consultation.</p>	Medium	<p>Status: Action outstanding due to be implemented by 30<sup>th</sup> June 2015</p>

No	Findings	Recommendations	Agreed Actions	Priority	Action Taken and Status
	not valued.				
8	The Central Lincolnshire Local Plan website is not very user friendly for those with sight impairment or non-English speaking residents. Whilst we did find information on the back of the local plan regarding availability in braille, audio and other languages we could not find anything to make access to other local plan information easy for people with additional needs.	The possibility of adding translation buttons and Speak IT Plus to the planning website should be explored as this will make the information more accessible to these hard to reach groups in the communities.	Appropriate revisions to the website to improve accessibility will be explored as part of the communications strategy for the next round of consultation.	Medium	Status: Action outstanding due to be implemented by 30 <sup>th</sup> June 2015
9	Our review of evidence published identified that one of the sample of eight could not be located in the online evidence base, this was the 'Biodiversity Opportunity Mapping Study for Central Lincolnshire'.	The Planning Policy team should add this to the online evidence base.	The online database will be reviewed to ensure easy access to evidence. Quality control process will ensure all new evidence is available going forward.	Low	
<b>Financial Management and Sustainability</b>					
10	The quarterly budget reporting to the Central Lincolnshire Joint Strategic Planning	Management should ensure that quarterly reporting to committee takes place. If a meeting is	This gap in reporting is noted; however with the current budget position this	Medium	Status: Action Implemented

No	Findings	Recommendations	Agreed Actions	Priority	Action Taken and Status
	<p>Committee did not take place for quarter 2 2014/15 so members were not updated on the budget position until January 2015. In addition we observed the presentation of the quarter one report at Committee and noted it received no scrutiny.</p>	<p>cancelled then alternative arrangements should be made to ensure that members understand the budget position and are able to query and challenge as necessary.</p>	<p>was deemed as low risk at this time. Contingency arrangements will be taken as necessary in the future if a gap in quarterly budget reporting to members is likely.</p>		

**Assurance Definitions<sup>1</sup>**

<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>

<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.