Internal Audit
Progress Report

West Lindsey District Council
06.12.2018

Assurance
LINCOLNSHIRE
For all your assurance needs

West Lindsey
DISTRICT COUNCIL

Contents

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Introduction

The purpose of this report is to:

- Provide details of the audit work during the period 01.10.2018 – 06.12.2018
- Advise on progress with the 2018/19 plan
- Raise any other matters that may be relevant to the Audit Committee role

Key Messages

During the period we have completed four audits:

- Two final assurance reports
- Two consultancy reports

Assurances

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

- Growth Programmes – Substantial
- Sales and Invoicing Follow Up – High
- Leisure Consultancy review – Consultancy
- Good Governance review - Consultancy

Note: The assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. The definitions for each level are shown in Appendix 1.

1
HIGH ASSURANCE

1
SUBSTANTIAL ASSURANCE

2
CONSULTANCY

0
LOW ASSURANCE

High Assurance

Sales and Invoicing Follow Up

Earlier in March 2018 an internal audit reviews of the Sales and Invoicing System - Commercial Application was undertaken. The assurance opinion of the audit was split. The Management of Sales and Invoicing received Substantial Assurance and the Finance System Commercial Application received Limited Assurance.

The focus of this follow up audit was to provide independent assurance on the implementation of the agreed actions from the previous Sales and Invoicing System - Commercial Application audit review.

Our review has provided High Assurance for the implementation of the agreed actions from the previous audit action plan, with all recommendations implemented or in progress.

Substantial Assurance

Growth Programme

We reviewed three key projects areas which were Gainsborough Town Centre Development Partner, Sun Inn hotel and Market Street Regeneration.

Our review provided Substantial Assurance on the effectiveness of the management arrangements and project management processes of the Growth Programme and the development and delivery of the individual projects we tested.

There were some medium priority findings from the review which included strengthening the risk management process and monitoring of key milestones recorded in project documents and reported to management boards. Ensuring there is clarity on and reporting on delays and missed milestones.

Some of these areas had been highlighted in the previous Growth Programme audit from March 2017.

Assurance not applicable

Leisure Review

The overall management of the procurement process was handled well and effective decisions were made. This included the decision to refurbishment the bowls hall which will ensure that there is a multi-activity venue available for all residents throughout the year. The Council achieved a successful outcome and at all times complied with relevant regulatory requirements. The process was robust and risks were managed.

Assurance Mapping

We have completed our assurance mapping process for 2018. By grouping the different sources of assurance in a single model we provide the basis for Senior Management and Audit Committees to gain a better understanding of their organisations assurance status and needs.

We have well established Assurance Maps that help us to focus our work plans on the make or break risks that affect the successful delivery of services and strategic objectives. The Maps also recognise the importance of critical business systems that support successful delivery and 'protect the business' – the due diligence activities.

The Maps give an overview of assurance provided across the whole organisation – not just those from Internal Audit – making it possible to identify where assurances are present, their source, and where there are potential assurance 'unknowns or gaps'.

Good Governance

Our main objective has been to assess the current level of Culture and Ethical maturity across the Council and to work with you to develop an action plan to support success and continuous improvement of good governance.

During the review we found many examples of good practice, these include, clear and effective Leadership setting the 'tone from the top' and a review of the Council's mission, vision and values led by the Head of Paid Service.

There was overwhelmingly positive feedback from the workforce towards the Council as a whole and reached a positive level of maturity from our maturity matrix.
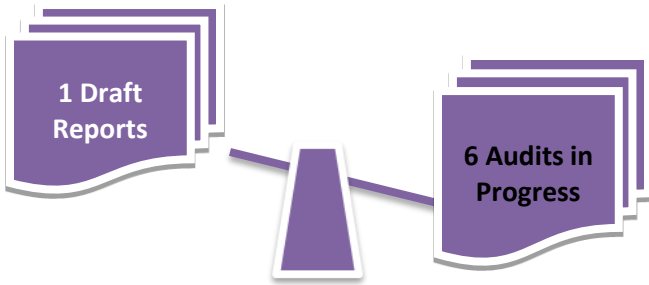
Audits reports at draft

We have 1 audit at draft report stage:

• Customer First Programme review.

These will be reported to the committee in detail once finalised.

Work in Progress

We also have 6 audits in progress :

• Key Control Testing
• Investment Programmes review
• Corporate Plan review
• ICT Records Management
• ICT Capacity & Capability joint review
  with NKDC.
• ICT Infrastructure joint review with NKDC

High

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

Substantial

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

Limited

Our critical review or assessment on the activity gives us a
The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

Low

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.

Outstanding Audit Recommendations for all audits at 06.12.2018
There are none to report.

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status / Rating
Environmental Protection & Enforcement	Review the recent changes in structures and management and provide assurance that services are being delivered as intended.	Q1 June 2018	June 2018	Sept 2018	Limited
Investment programmes	Review the Councils approach to managing projected gaps in the budget and provide assurance on the delivery of projects which provide a commercial return to the Council.	Q1 June 2018	Sept 2018		Work In Progress (WIP)
Growth Programmes	To follow up on 2016 growth audit work and provide assurance on project and programme work in delivery.	Q1 May 18	June 2018	Nov 2018	Substantial
Housing Benefits Subsidy	Test a sample of benefit cases to on behalf of the external auditor KPMG to provide assurance on the subsidy claimed by the Council.	Q2 July – Sept 2018	Aug 2018	Sept 2018	High
Customer First	A key programme of work and business transformation for the Council. Provide assurance that the programme is being effectively managed and monitored.	Q2 July – Sept 2018	Sept 2018		Draft Report
Corporate Planning	Review the Council's systems and processes over the setting of its strategic direction.	Q2 July – Sept 2018	Sept 2018		WIP
Financial Strategy & Budget Preparation	Review the Councils systems and processes in place to provide assurance on the process of budget preparation and it's alignment with the Council's strategic priorities. This will include budget setting and links to corporate priorities and the medium term plan.	Q2 July – Sept 2018	Aug 2018	Sept 2018	High
Budget management	Review the Councils systems and processes in place to provide assurance on the management of budgets. This will include budget monitoring, control and management of variations.	Q2 July – Sept 2018	Aug 2018	Sept 2018	High

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Leisure Contract	Consultancy review of the new Leisure contract process.	Q2 July – Sept 2018	Sept 2018		Complete
ICT Infrastructure joint with NKDC	Joint review with NKDC to cover the roadmap and spending plans for future ICT software and hardware.	Q2 July – Sept 2018	Nov 2018		WIP
Follow up PCI DSS	Follow up low or limited audit reports for assurance on improvement and implementation of findings.	Q3 Oct – Dec 2018			Not started
Follow up Sales & Invoicing	Follow up low or limited audit reports for assurance on improvement and implementation of findings.	Q3 Oct – Dec 2018	Sept 2018	Nov 2018	High
Combined Assurance	Document the Council's critical areas to provide an assurance rating to inform the audit plan and report to management and members.	Q3 Oct – Dec 2018	Sept 2018	Dec 2018	Complete
Follow up Planning Enforcement	Follow up low or limited audit reports for assurance on improvement and implementation of findings.	Q3 Oct – Dec 2018			To start Jan 2019
Follow up Commercial	Follow up low or limited audit reports for assurance on improvement and implementation of findings.	Q3 Oct – Dec 2018	Dec 2018		WIP

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
ICT Capacity and Capability Joint with NKDC	Consultancy review on the staff capacity and capability for ICT joint with NKDC.	Q3 Oct – Dec 2018	Nov 2018		WIP
ICT Records Management	To review the Council's ICT records management process and management and provide assurance on controls and outcomes.	Q3 Oct – Dec 2018	Nov 2018		WIP
Key Controls Testing	Delivery of key control testing to enable the Head of Internal Audit to form an opinion on the Council's Financial and control environment.	Q4 Jan – Mar 2018	Nov 2018		WIP