

# Combined Assurance Status Report



## What we do best...

**Innovative assurance services**

Specialists at internal audit

**Comprehensive risk management**

Experts in countering fraud

## ...and what sets us apart

**Unrivalled best value to our customers**

Existing strong regional public sector partnership

**Auditors with the knowledge and expertise to get the job done**

Already working extensively with the not-for-profit and third sector



# Combined Assurance Status Report

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# Combined Assurance Status Report

## Introduction

This is the sixth combined assurance report for West Lindsey District Council.

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 organisation's assurance status and needs.

We do this by coordinating assurance arrangements – providing some structure – this is our Assurance Map.

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'.

The Maps are an invaluable tool for senior managers, providing a snapshot of assurance at any point of time. This report explores those assurances in more detail.

We gathered and analysed assurance information in a controlled environment that:

- takes what we have been told on trust, and
- encourages accountability with those responsible for managing the service.

## Scope

We gathered information on our:

- **Critical systems** – those areas identified by senior management as having a significant impact on the successful delivery of our priorities or whose failure could result in significant damage to our reputation, financial loss or impact on people.
- **Due diligence activities** – those that support the running of the Council and ensure compliance with policies.
- **Key risks** – found on our strategic risk register, operational risk registers or associated with major new business strategy/change.
- **Key projects** – supporting corporate priorities/activities.
- **Key partnerships** – partnerships that play a key role in successful delivery of services



# Combined Assurance Status Report

## Methodology

To ensure our combined assurance model shows assurances across the entire Council, not just those from Internal Audit, we leverage assurance information from your 'business as usual' operations. Using the '3 lines of assurance' concept:



Our approach includes a critical review or assessment on the level of confidence the Board can have on its service delivery arrangements, management of risks, operation of controls and performance.

We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- Considering other information and business intelligence that feed into and has potential to impact on assurance.

We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.

The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge **but** as accountability rests with the Senior Manager we used their overall assurance opinion.



# Combined Assurance Status Report

## Key Messages

We welcome the production of this year's Combined Assurance Report and thank Assurance Lincolnshire for producing it and also our own officers for contributing to its content. The findings represent a comprehensive and accurate view of our assurance position across our services, critical systems, governance processes, ICT arrangements, key projects and risk analysis.

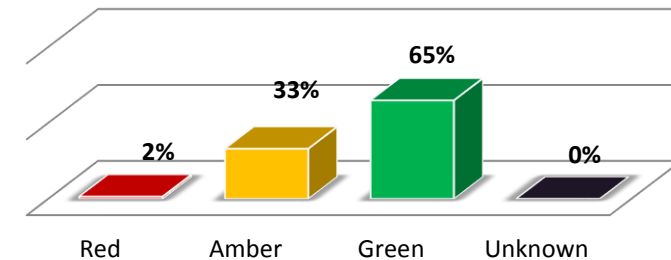
The findings show that across the Council, a high degree of assurance is present and also that officers and Management are aware of a number of areas that need to be addressed. Attention is being paid to these to ensure that the known issues are resolved and they do not have a negative impact.

During 2018/19, a significant range of activity across the Council was undertaken. This included the implementation of a new Leisure Services contract, the securing of a development partner, the introduction of a paid green waste service, introduction of the health and wellbeing service and key progress in acquiring commercial property investments. Additionally, officers and Members have also worked to develop a new Corporate Plan for the Council, to take effect from March 2019.

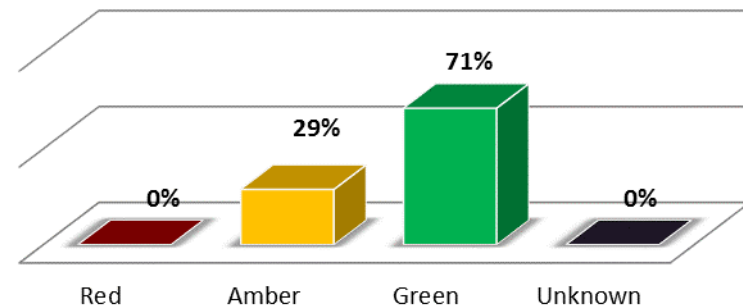
Day to day services have also been delivered to a high standard. The levels of Council Tax and Business Rates collection have remained amongst the highest in the country,

and the waste collection service continues to be highly regarded. Performance has improved in housing and planning enforcement and the Trinity Arts Centre has witnessed a significant increase in audience figures, improved programming and an increase in community events.

### Overall Assurance Status 2018/19



### Overall Assurance Status 2017/18





# Combined Assurance Status Report

Suggested next steps.....

**Risk Management** – Assess the Council’s overall ‘risk appetite’ and subsequently undertake a review of Strategic Risks and develop a means of ensuring that project related risks are consistently recorded and managed.

**Peer Review** - Prepare for and hold a Peer Review to set improvement targets and seek third party accreditation against a nationally recognised framework.

**Governance Review** - Work on the findings of the recent Governance Review conducted by Internal Audit, to ensure the Council’s culture and values are consistently understood and exhibited.

**Member Induction & Training** - Induct new and returning Councillors and implement the Member Development Training Plan.

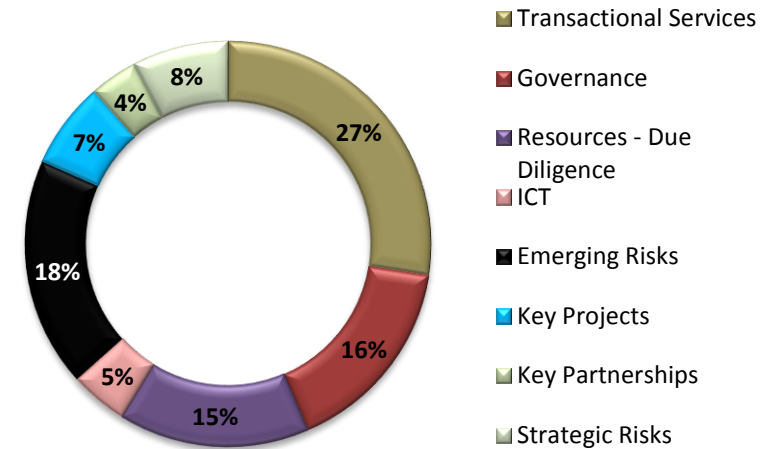


## Critical Systems

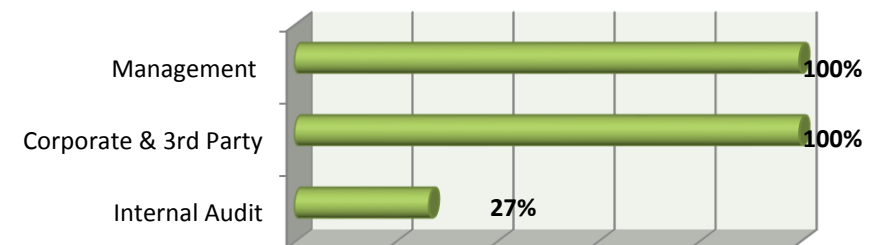
Across our critical systems we are in agreement with the reported levels of assurance and the methodology adopted to assess them. We believe we are a mature enough organisation to act objectively and where issues are identified, have the confidence to request assistance and/or further investigation in the form of commissioning audits and/or external reviews to investigate the perceived problems.

From the analysis of who provides our assurance, it is pleasing to see that the Three Lines of Assurance Model is working effectively. Management (as the first line of assurance) demonstrate effective accountability for delivery and understand the overall effectiveness of their service area and the risks facing it.

A key focus during 2018/19 was to strengthen performance management. Additional capacity has been put in place to support service areas in this regard and to drive improvement. In Q3 of 2018/19, 78% of the Council's key performance indicators were recorded as having met or exceeded target. Similarly, to build on previous refinements to the Council's board structures and programme management procedures, additional capacity has also been provided to support project managers and Sponsors. This ensures that programmes are managed effectively and are delivered and use of the Council's project methodology is upheld.



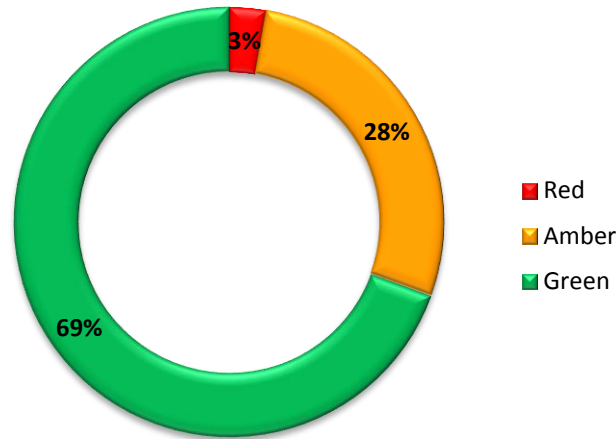
## Who Provides Your Assurance







## Transactional Services



Transactional services refer to the agreed set of services and functions run by the Council. Each service area should have clarity of its purpose, an understanding of their stakeholders and clear processes for delivery and managing performance.

Our transactional services are in the main ‘front-facing’ and the delivery of excellent performance and high levels of customer satisfaction are key pre-requisites. These two components contribute in a large part to the reputation of the Council amongst residents and Members.

Analysis of the report’s findings in respect of transactional services has established that our overall assessment remains almost the same as in 2017/18, with 69% of our transactional services assessed as performing highly. Within the context of

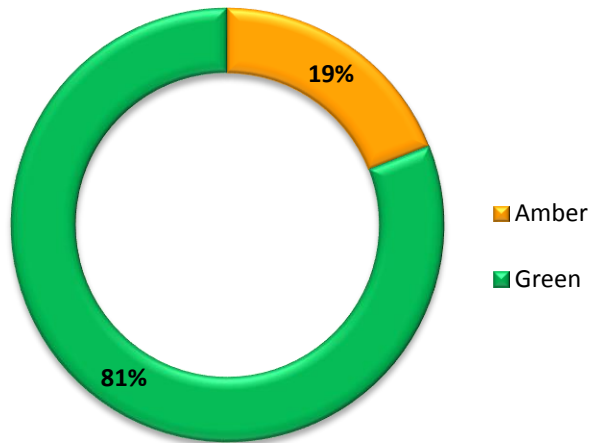
reduced budgets, matched with raised expectations on the part of customers, this is a positive position.

One area categorised as ‘red’ in nature is the Gainsborough Market. Many markets across the country are in decline. The Council must identify a sustainable way forward for the market. A number of areas have been assessed as ‘amber’. Enforcement and public safety related services fall into this category. High levels of demand coupled with a recently formed team mean that management are watchful of this area to ensure performance and capacity levels are monitored. Homelessness Prevention has also received an amber rating due to issues in obtaining the level of data required to effectively analyse performance. Community Rights is a statutory service and has been assessed as amber due to resourcing issues. A review of staffing requirements across the whole of this service area is underway. The Health and Wellbeing Service has also received an amber rating. This is a newly established service and although it is performing well, it is being monitored to ensure its effectiveness is as desired and it develops in line with expectations.

To ensure that services are delivered effectively, each service area produces an annual service and three year business improvement plan. Each service area also has its own balanced scorecard of performance measures which it reports quarterly to senior management and Members and records and manages its service related risks.



## Governance



This section includes areas such as corporate governance, risk management, partnerships, information governance, procurement and contract management, Human Resources, project management and Member and Democratic Services.

The findings of the report show that the vast majority of our governance elements are deemed to be operating effectively. As the new Corporate Plan is in development, an amber rating was deemed appropriate. This is to ensure that its aims are effectively communicated across the Council and that these link to and inform service plans and individual work objectives. As the Corporate Plan sets out the strategic aims of the Council, the make-up of the Council's strategic risk register will be reviewed. A strong focus will be placed on this to ensure it accurately reflects the key risks facing the Council.

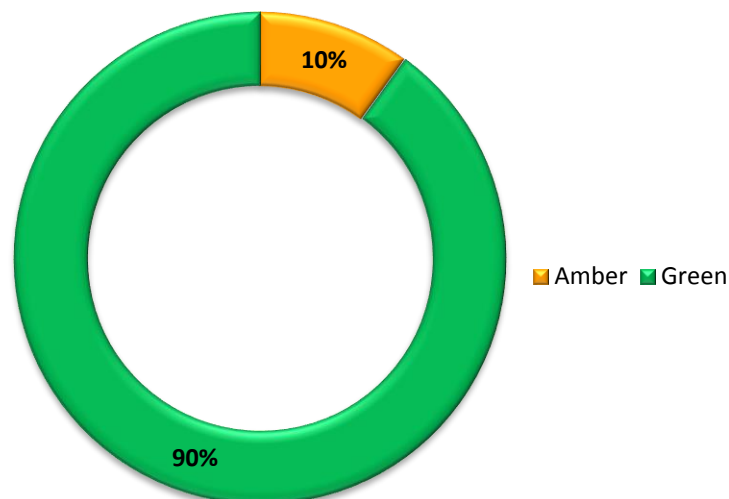
During 2018/19 we were pleased to receive from Internal Audit a 'green' rating opinion on our governance arrangements. This maintained our improvements over recent years. We aim to ensure that in a time of significant change, our governance processes and structures remain robust, yet proportionate and facilitate effective decision making.

The implementation of the General Data Protection Regulation (GDPR) in May 2018 saw the most significant change to data privacy regulations in over 20 years. The Council worked hard to ensure it was well prepared and an on-going programme of work has been devised to ensure protocols remain robust. A large-scale review of the Council's partnerships was also undertaken. This resulted in a more focused approach to partnership working with emphasis placed on the key strategic partnerships that support the Council in achieving its desired outcomes. A further key area of work has been Value for Money (VfM), with the production of a VfM Strategy. Work will now progress with service areas to ensure that they are able to assess whether VfM is evident in their area and to identify steps to achieve such a position. Additionally, in preparation for the elections in May 2019, work is well advanced on a comprehensive Members' induction training programme.

Also in 2018/19, Internal Audit conducted a governance review focusing on the inherent culture and values of the Council. This produced a welcome outcome and provided some aspects for the Council to act upon.



## Resources - Due Diligence



This aspect relates to the functions that support the running of the Council and ensure compliance with policies and financial probity.

The findings across this section of the report are extremely welcome. Our arrangements overseeing Council Tax, Housing Benefits, financial management controls and the governance of grants are all performing well. The findings were ascertained after due consideration had been given to a range of indicators against which individual areas could be assessed. These indicators included performance, costs of delivery, the quality and breadth of project and risk management within the area, levels of compliance with statutory obligations and conclusions from any recent audits.

A number of these areas are subject to annual audits due to statutory requirements.

National Non-Domestic Rates (NNDR) was flagged as a concern. While collection rates remained high, there were a number of instances of poor communication between the service provider and the Council. These have led to a lack of awareness of some NNDR initiatives outside of normal performance reporting activities. The CCTV service was also assessed as amber. This service has expanded its coverage over recent times, but the appropriate level of resource to support it has yet to be fully established. Consequently, this potentially hinders the prospects of any further growth.

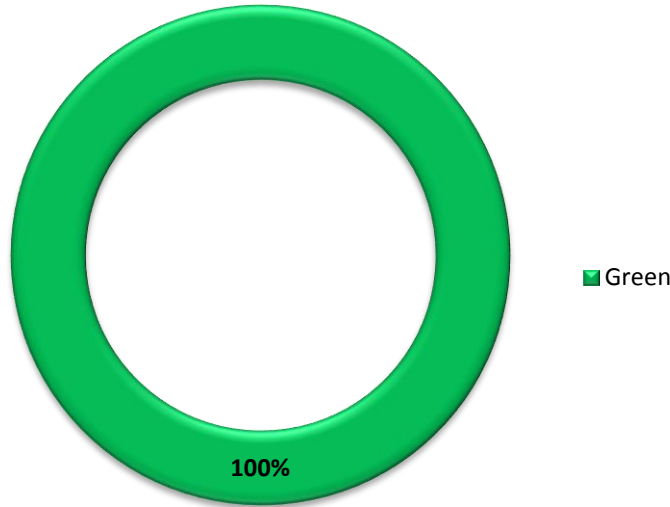
A key success in this category was the receipt of an unqualified audit finding in respect of the Council's Housing Benefit subsidy claim. Only around one in five Council's receive this rating.

To further illustrate the Council's strong position, audits conducted during 2018/19 into budget management, sales and invoicing, key controls, financial strategy and budget preparation, all reported substantial assurance.



# Combined Assurance Status Report

## ICT



The ICT aspect of the report focuses on governance arrangements within the service, the infrastructure, day to day operations, projects, compliance and applications and systems. All aspects are deemed to be performing well.

During 2018/19 the Council completed its ICT and Digital Strategy. This now provides the Council with a blueprint for the future direction of ICT. Developing on from this, work commenced in 2018/19 to specify the requirements for a system(s) that would facilitate the collation and analysis of customer and performance related data and also support the automation of straightforward service requests. The need for

such a system has been identified as a key enabler for the Council's Customer First programme.

The shared ICT partnership with North Kesteven District Council continues to operate well. It has overseen the production of a 10 year infrastructure development plan, which has been costed and identifies opportunities for rationalisation and efficiencies across the partnership.

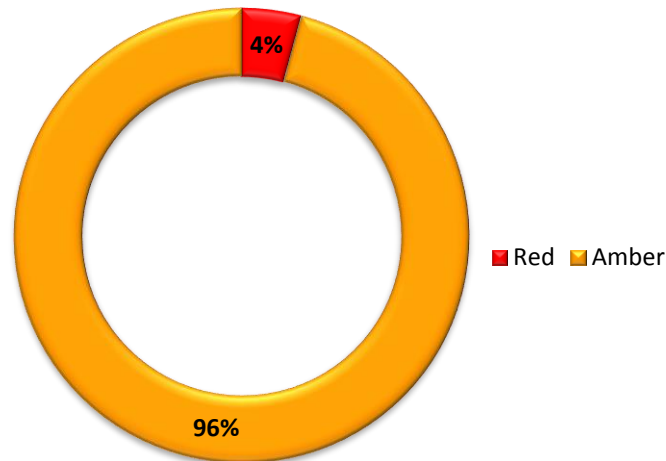
Work has progressed during 2018/19 on the refresh of ICT devices for both staff and Members. Solutions have been identified based on the specified requirements and a number of engagement sessions with relevant parties have been held. Roll-out of new devices is expected in early Spring for staff and for new and returning Councillors following the elections in May.

ICT security remains a key priority. During 2018/19 no major security breaches or successful attacks on ICT systems were reported. The need for vigilance and staff awareness is an on-going message.

An audit into the capacity and capability of the ICT service is underway and is expected to report shortly. The findings are anticipated and will be used to address any issues that are found.



## Emerging Risks



We are pleased that emerging risks, as identified by Team Managers have been included within the report. Significant work has been undertaken over the recent past to ensure that risk awareness and management becomes a widely followed discipline. This demonstrates the Council's appreciation, across all service areas, of potential future issues that may arise if not adequately mitigated, or planned for at an early stage. During periods of uncertainty or significant change, it is imperative that due consideration is paid to the risks associated with planned or potential events.

All service areas maintain their own risk registers to record and manage their risks. Oversight is provided at Senior

Leadership Team meetings and on-going training and awareness sessions are provided for staff.

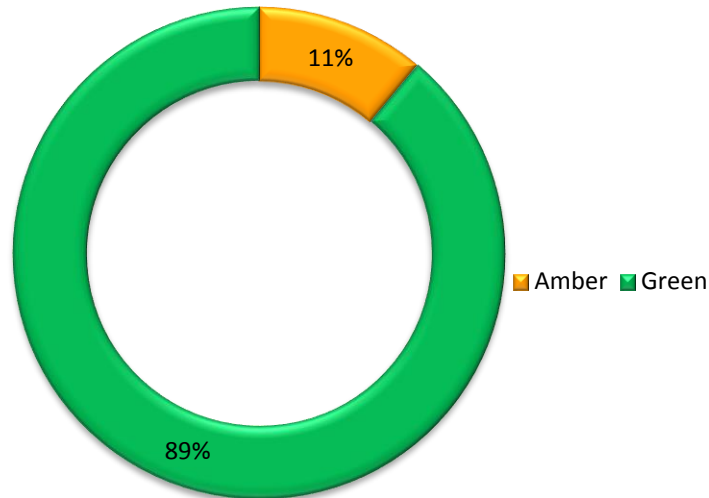
A number of emerging risks were identified as part of this exercise. These are as a result of either recently implemented or forthcoming legislative change, high demand on services, capacity/capability issues within service areas or the need for a review of strategic direction. Discussions between Team Managers and the Management Team and effective use of service planning are key to ensuring risks are mitigated as far as possible and performance data for example, is used to monitor any adverse impact on service delivery.

Over the last 12 months or so, risks associated with reduced staffing resources in certain service areas have been addressed. The Council is now much more consistent in its use of temporary or time-fixed appointments to address times of peak demand, or to support key projects.

The Council's strategic risks are reviewed and managed by the Management Team. They are presented on a bi-annual basis to the Governance & Audit Committee for review and comment.



## Key Projects



Through the course of obtaining evidence from Team Managers for the production of the report, no manager expressed concern with project management in service discussions. Reporting to management and Members on the progress of the delivery of projects is undertaken quarterly and where issues are identified, remedial actions are provided. The Programme Board oversees all major programmes and projects and receives monthly updates.

Across the Council's key programmes, all are deemed to be of no major concern in terms of the pace of development and the level of governance that supports them. During 2018/19 additional capacity was provided in the form a Senior Project

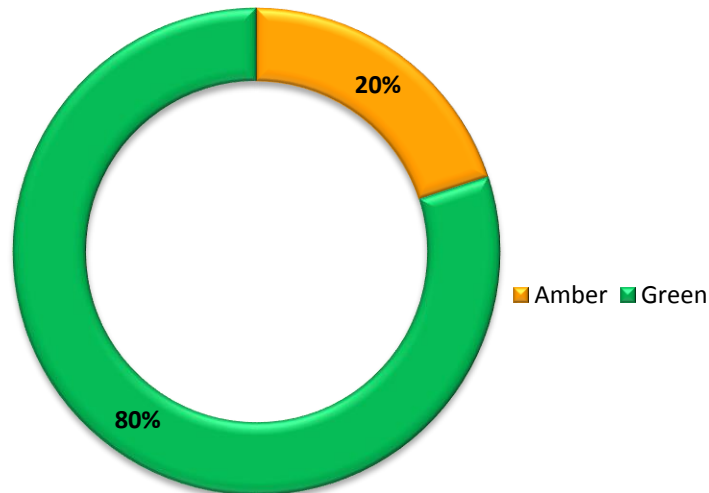
Support Officer. This role has helped to provide additional expertise to support project managers in developing projects. It also ensures the consistent use of the Council's project management methodology and helps to critically analyse the rate of progress and whether any issues need to be brought to the attention of the Programme Board.

The Council continues to use its policy of buying-in additional capacity and expert technical knowledge to support programme delivery when required. This provides greater flexibility and does not draw internal resources away from other areas of work.

As part of the Council's overarching review of ICT systems requirements, the need for a system to support project management is still under consideration.



## Key Partnerships



The Council recognises that effective partnership working is key to the achievement of many of its goals and desired outcomes. In that regard it is essential that any partnerships entered into, or that are currently in operation, deliver and their on-going relevance and effectiveness are continually evaluated.

Although no significant issues were raised during the assurance mapping exercise, there has been a recognition that management/corporate oversight and regular review of partnership management could be improved. To that extent,

during 2018/19 a review of all of the Council's partnership working arrangements was undertaken. This provided a clear definition of partnership working and helped to strip out arrangements that did not fit with this definition. Consequently, the key strategic partnerships which the Council is involved in were identified and their effectiveness and on-going relevance have been assessed. All partnerships are maintained on a central register.

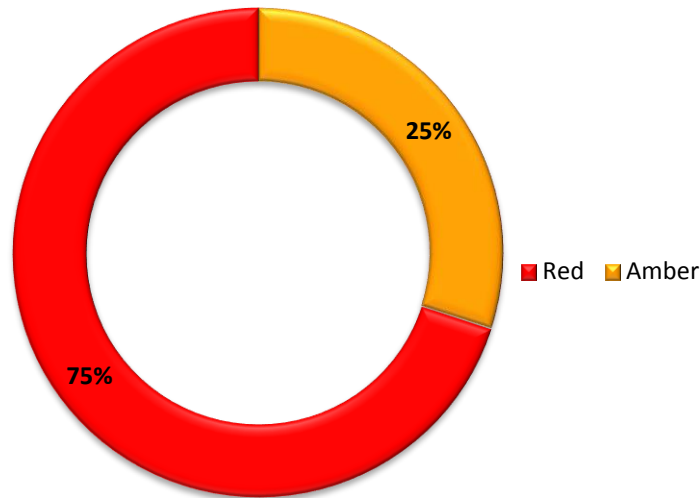
The results of this work were reported to Management Team and the Corporate Policy & Resources Committee. As part of future work in this regard, an annual review of partnerships will be undertaken and reported, to provide on-going assessment of their effectiveness.

The Council's key partnerships support the delivery of waste services, ICT, the Central Lincolnshire Local Plan, homelessness and safeguarding services, legal services and procurement.



# Combined Assurance Status Report

## Strategic Risks



Strategic Risks are reviewed and managed by the Council's Management Team (comprising of the Directors and Strategic Leads), with ownership of each individual strategic risk assigned to the appropriate Director. The content of the strategic risk register is based around the risks associated with the delivery of the themes contained within the Council's Corporate Plan, plus a number of additional risks such as Information Governance and Corporate Health & Safety. This approach is advocated by the Association of Local Authority Risk Managers (ALARM) who advise that strategic risks should focus on the long-term objectives of the organisation, which can be affected by areas such as financial concerns,

political risks, legal and regulatory changes and changes in the physical environment.

The Management Team are risk aware and as a minimum review the strategic risk register on a quarterly basis. Each risk is assessed against the scoring matrix (used for assessing all categories of risk) set out below, which calculates the level of the risk (high – red, medium – amber, or low - green). Existing mitigations are identified and consideration is paid to the need for additional mitigations.

Impact	Critical	4	8	12	16
	Major	3	6	9	12
	Minor	2	4	6	8
	Negligible	1	2	3	4
		Hardly Ever	Possible	Probable	Almost Certain
	Likelihood				

The Council's Governance & Audit Committee receive bi-annual updates on the content of the strategic risk register and are asked to provide appropriate scrutiny. This Committee contains the Council's 'Member Risk Champion'.

As the Council develops a new Corporate Plan, work will be undertaken to ensure that strategic risks reflect the risks to the successful delivery of the Plan. Work is also scheduled with officers and Members to review and assess the Council's overall 'risk appetite' and to update the Council's Risk Strategy.





## Key Risks

### Strategic Risks

#### Council's highest rated Strategic Risks

### Commercial Approach

For the Council to successfully meet its financial challenges, it has embarked upon a journey of generating additional sustainable revenue streams from commercial sources. These need to be properly evaluated and the Council must be able to act in an agile manner to benefit from appropriate opportunities as they arise.

### Information Governance

Protection from cyber-attack and/or data leakage is a significant risk to all organisations. We must therefore ensure that our defences are as strong as possible and staff, Members and partners are aware of their responsibilities. On-going monitoring of developments in this area, training and awareness and vigilance on the part of all, are a major part of the mitigating actions. Work to ensure on-going compliance with the requirements of the GDPR is a key action to be progressed.