

Internal Audit Progress Report



West Lindsey DC
June 2019

 Assurance
LINCOLNSHIRE
For all your assurance needs



Contents

Key Messages

Page 2

Introduction
Summary
Assurances

Internal Audit work completed

Page 5

Overview of Assurances
Audit Reports at Draft
Work in Progress

Benchmarking

Key Performance Indicators

Page 6

Other Matters of Interest

Page 7

Appendices

Page 8

-
- 1 Limited Assurance Reports
 - 2 Assurance Definitions
 - 3 Details of Overdue Actions
 - 4 2019/20 Audit Plan to Date

Lucy Pledge CMIIA QIAL- Audit and Risk Manager (Head of Internal Audit)
lucy.pledge@lincolnshire.gov.uk

John Sketchley – Audit Team Leader
John.Sketchley@lincolnshire.gov.uk

This report has been prepared solely for the use of Members and Management of West Lindsey District Council. 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.

The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed internal audit plan.

Introduction

The purpose of this report is to:

- Provide details of the audit work during the period 11.03.2019 – 10.06.2019
- Advise on progress with the 2019/120 plan
- Raise any other matters that may be relevant to the Audit Committee role

Key Messages

During the period we have completed five reviews:

- Four final assurance reports
- One consultancy report

Assurances

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

- Key Controls Payroll– Substantial
- Investment Programme – Substantial
- Payment Card Industry Data Security Standard Follow Up (PCI DSS) – Substantial
- Planning Enforcement Follow Up – Limited
- ICT Capacity & Capability – 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.

3

**SUBSTANTIAL
ASSURANCE**

1

**LIMITED
ASSURANCE**

1

CONSULTANCY

Substantial Assurance

Key Controls Payroll

To provide assurance that the key controls for the processing of the payroll are in place and are working effectively we reviewed the following areas:

- Starters and Leavers,
- Claims,
- Changes to contracts,
- Payroll runs,
- Contract management and reconciliation of accounts.

Overall, the Council's payroll is administered efficiently and effectively. For the areas examined we found that key controls are in place and are operating satisfactorily

We identified one error which related to processing by NKDC which resulted in an overpayment of overtime. It highlighted the importance of regular quality control meetings as part of the Service Level Agreement with NKDC.

We agreed two high priority actions to address this focusing on improved feedback at performance meetings and investigating any errors to ensure the reasons are understood and addressed.

This review sought to provide assurance that the Council has robust arrangements in place to undertake effective financial assessments as part of the investment decision-making process.

Our review confirms the adequacy of the Council's governance arrangements in respect of its investment programmes. Comprehensive financial assessments are being undertaken with appropriate expertise, are robustly recorded, and results are being communicated effectively to Council decision makers.

We made two medium priority findings around ensuring all centrally held project management documentation is up to date and complete and that where applicable project management finances receive a second check by a different finance staff member for further assurance on the figures.

Investment Programme

Substantial Assurance

Payment Card Industry Data Security Standard (PCI DSS)

An earlier audit report on PCI DSS compliance, issued in April 2018, gave a limited assurance opinion. This review has focused on evaluating the progress made on the recommendations within that report and the assurance level that can now be given.

Our assessment is that the Council has largely evidenced that it complies with the requirements of the Payment Card Industry Data Security Standard (PCI DSS), and we are giving a Substantial Assurance opinion at this time.

We found that two recommendations had not been implemented from the original review and we have made two new medium priority recommendations to support the Council in remaining compliant with payment card industry standards.

Recommendations cover documenting the annual scoping exercise to evidence when it is carried out and ensuring that quarterly vulnerability scans are completed and any issues identified are addressed.

Limited Assurance

Planning Enforcement Follow Up

The purpose of this follow up review is to confirm that previously agreed actions to address the limited assurance report from 2017 for this area have been actioned and that there has been an improvement in the management and delivery of Planning Enforcement.

We found that at the time of the audit follow up the service was not hitting its targets for closing cases and this was being reported as a Red issue in the Councils Performance and Delivery reports.

We found that two of the previously agreed recommendations had not been actioned and this had impacted on the services delivery against agreed targets.

Full details of the follow up report are included in Appendix 1.

Consultancy

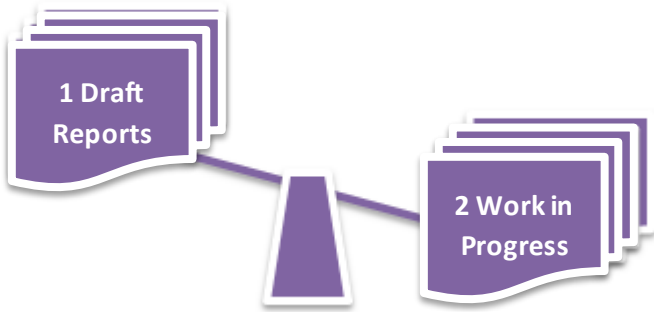
ICT Capacity & Capability

We have undertaken a review of the ICT departments at North Kesteven District Council (NKDC) and West Lindsey District Council (WLDC) with regard to their capacity and capability. We assessed their capacity and capability to provide a day to day ICT service, and their ability to implement the proposed future strategies.

Generally the capacity across NKDC and WLDC is sufficient for day to day activities, however several members of staff mentioned that the capacity is pushed to its limits and there is no surplus for extra work. Despite this, we found that it is generally being managed and the current work is progressing adequately.

The teams have the capability for day to day operations. We noted that increasing competency within the NKDC team has allowed the line manager to take a step back and focus on his managerial role for future projects. Across the two sites, there are 2 highly experienced individuals and they use their knowledge to its fullest extent.

We have recommended seven action points for the Councils to implement to further support the development of capacity and capability.



Audits reports at draft

We have one audit at draft report stage:

- ICT Infrastructure Plans joint review with NKDC

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

Work in Progress

We also have the following 2019/20 audit's in progress

- Vulnerable Communities
- Housing Benefit Subsidy Testing



Benchmarking



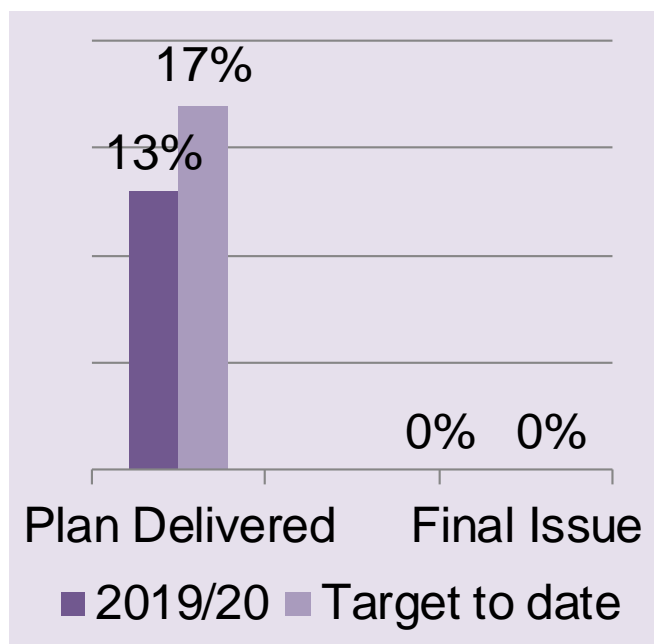
Internal Audit's performance is measured against a range of indicators. The statistics below show our performance on key indicators year to date.

Performance on Key Indicators

100%

Rated our service Good to Excellent

High achievement of Audit KPI's to date



Risk	Rating (R-A-G)	Recommendations	
		High	Medium
Risk 1 – Enforcement action is inadequate or ineffective.	Amber	2	0

Limited Assurance Planning Enforcement Follow Up

Background and Context

In October 2017 we reviewed the Council's Development Management service, including Planning, Planning Enforcement and Section 106 processes. For Planning Enforcement a limited assurance opinion was agreed. At the time it was found that the service was not meeting its performance targets due to a number of reasons, including a disparity between the resource available and the service offered. We identified several areas where the Council could review and strengthen the service provided including –

- A review of whether some outcome measures would provide better service insight, rather than the time taken to action each case should be considered.
- There is one full time enforcement officer to action all cases. Some temporary resource has been provided however performance continues to be below target and the resource is due to end in September 2017.
- The joint working between planning enforcement and planners could be improved when setting planning conditions. Currently some planning conditions encourage public requests for enforcement when in reality the conditions are unenforceable.
- The service could improve the way it reports its case load to add some context to performance figures. Currently there is no breakdown of cases by priority or year, just an overall figure. This does not support analysis and understanding of where improvements could be made.
- Although below target performance has been reported through Progress and Delivery reports we found that there had been a limited response and corrective action taken corporately. And performance continues to be off target.

Scope

The purpose of this follow up review is to confirm that previously agreed actions to address the limited assurance report for this area have been actioned and that there has been an improvement in the management and delivery of Planning Enforcement.

Executive Summary

At the time of the original audit in October 2017 the Planning Enforcement service was not hitting its agreed target of completing enforcement cases within a set number of days. This resulted in a limited assurance audit opinion. For our follow up review the target is not being achieved.

Current performance for time taken to close cases is 188 days against a target of 150 days. This is reported as a red off target area in the Council's performance reports. There is evidence of a steady improvement in performance reported to members and senior officers through Progress and Delivery reporting. The latter part of 18/19 has seen performance improve significantly but performance remains off target.

Two of the four agreed actions from the 2017 audit report had not been actioned, details are recorded below.

It was an agreed management action that discussions would be held between Planners and the Enforcement Service with a view to reviewing the way some planning conditions are set. As some of these conditions can be easily breached but are either not a high risk breach or are unenforceable. At the time of our follow up review this meeting had not taken place but was being planned to take place in March 2019.

Another issue was that complex cases can take years to resolve. In 2017 these open cases were being recorded from start to finish and this had an impact on overall days taken to close cases and on performance. It was an agreed action that the service would look to close or suspend but still monitor these cases where applicable. There are natural breaks in long running cases where no action is taken due to work being done outside of the services control such as legal proceedings. This would have stopped the clock counting and adding days to overall averages and targets for the service.

At our follow up we found this has not been actioned although work was in progress during our audit to review this. One case remained open from 2014 and the service had not been able to demonstrate an improvement to the approach to recording time against long running complex cases.

We have repeated two findings from our follow up work, to support the continued development and improvement of the Council's Planning Enforcement Service performance. The findings are that;

- There are formal discussions with the Planning service with the intention of enabling both services to understand the implications and practicalities of enforcement when setting planning conditions.
- The Enforcement Service reviews its case management approach with a view to closing or suspending cases at the earliest opportunity, in line with policy and where applicable.

Managing Your Risks

Good risk management, including maintaining risk registers, helps you to identify, understand and reduce the chance of risks having a negative impact on achievement of your objectives.

The service should review and update its operational risks to ensure current risks and mitigating actions are captured and managed to address current issues within the service.

Management Response

The service welcomes this review of the audit. The remaining two actions within the audit relevant to planning enforcement will be completed by June 2019. Over the course of 2018/19 the focus following on from the original audit report has been to ensure that the service is effectively resourced, has an up to date and relevant policy, effective case closure procedures and has performance measures which are relevant and effective.

Alongside this, the work area has continued to manage and resolve cases using formal and informal methods. In specific response to risk 1, a meeting has been arranged with planners, scheduled for May 2019. This will focus on planning conditions, their effectiveness and their enforcement. It should be noted that whilst a specific meeting has not taken place, work relating to planning conditions and their enforcement is now embedded within the two services.

Planning and enforcement officers discussed specific cases on a regular basis and work to ensure that conditions are realistic and subsequently enforceable. The main issue in regards to planning conditions relates to historical conditions, some of which have been set without the above process occurring.

In specific response to risk 2, a great deal of progress has been made to ensure that in the 19/20 performance year the cases will be managed via a new closure process and the performance measures across the work area will provide better information for elected members to demonstrate the day to day work that is being carried out. The following should be noted in relation to risk 2:

- The new local enforcement plan came into effect in April 2018
- A new closure process is agreed and in effect from 1st April 2019.
- This process has led to there being an open working caseload of 75 (as of 1/4/19). 75 is the lowest caseload number recorded since before progress and delivery records began.
- Less than 30% of cases have been open for 6 months or more (this will be the baseline target)

Managing Your Risks

within the 19/20 progress and delivery measure)

- Of the 30%, they are all actively being investigated further and are likely to result in formal action
- being taken
- The average closure period for the last 3 months is 113 days. The average across the year has reduced in each month during 18/19 as a result of the above
- Each case is now subject to a scheduled 5 month review to ensure that it is being progressed and does not remain open for longer than is required.

It is intended for 19/20 to provide a benchmark year in relation to the closure timescales and revised performance measures and officers would welcome a further review of these actions in 6 months' time in order to provide elected members with a further update on their progress.

Andy Gray – Housing and Environmental Enforcement Manager

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 limited level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

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 10/06/2019

Activity	Issue Date	Assurance	Total recs	Recs Imp	Priority of Overdue Recommendations			Recs not due
					High	Medium	Low	
WLDC Audit Actions								
ICT Records Management	April 2019	Substantial	5	2	0	1	0	2
Customer First	Jan 2019	Substantial	5	3	0	2	0	0
Food Safety and Environmental Protection & Enforcement	Sept 2018	Limited	7	6	0	1	0	0
Sales & Invoicing	March 2018	Limited	10	9	1	0	0	0
Total			27	20	1	4	0	2

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Members Devices with NKDC	Joint review with NKDC to review the training and security of members devices.	Q1 Apr - June 2019	June 2019		
Internal P3M3 Project management review support	To support the Council in its review of project and programme management systems against the best practice and standards of the P3M3 maturity model.	Q1 Apr - June 2019	May 2019		WIP
Vulnerable Communities	Review the Council's strategic and operational approach and management to address vulnerable communities in the district.	Q1 Apr – June 2019	May 2019		WIP
New Depot Project Support	Support the Council on project work to consider the future for the waste depot.	Q1 Apr – June 2019	May 2019		WIP
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 2019	May 2019		WIP
Delivery of the Corporate Plan and the “Golden Thread” concept.	Review the “Golden Thread” concept that links service delivery to Corporate plans to ensure services understand how their work supports corporate aims.	Q2 July – Sept 2019			TOR Agreed

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
ICT - Public Sector Network (PSN)	Joint review with NKDC to review the Councils compliance with standards and best practice.	Q3 Oct – Dec 2019			
Programme and Project Management	Provide assurance that the Council's Programme and Project management systems are understood by services and complied with.	Q3 Oct – Dec 2019			
Key Controls – Financial Resilience	Provide assurance that the Council has clear process and controls in place to manage financial resilience.	Q3 Oct – Dec 2019			
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 2019			
ICT Cyber Security Joint with NK	Review cyber security controls against best practice and national standards.	Q4 Jan – Mar 2020			
Good Governance follow up	Follow up on the 2018/19 report and recommendations to provide continued assurance on Good Governance and Culture.	Q4 Jan – Mar 2020			

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Key Controls – areas to be agreed	Carry out key control testing on critical Council services.	Q4 Jan – March 2020			
Audit Follow Up work – Planning Enforcement & Food Safety & Environmental Protection.	Follow up 2018/19 limited assurance areas to provide assurance that improvements have been implemented.	Q4 Jan – March 2020			