Internal Audit
Progress Report

West Lindsey District Council
September 2019

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 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 two pieces of audit work.

1
HIGH ASSURANCE

Assurances

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

- ICT Infrastructure Plans (joint review with NKDC) – Substantial Assurance
- Housing Benefit Subsidy Testing – High Assurance

1
SUBSTANTIAL ASSURANCE

0
LIMITED ASSURANCE

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.

0
LOW ASSURANCE

High and Substantial Assurance

Housing Benefits Subsidy - High	We examined thirty cases as part of the work undertaken to support the subsidy claim in respect of payments made in the 2018/19 financial year.

One error was identified. This related to a single claim's payments being set to calendar monthly rather than 4 weekly (including 4 rent free weeks). Over the course of a full year, there would not have been any material change in benefit, however the change went back into the prior year and provided benefit over what should have been a rent free period. As a result an overpayment of approximately £155 had occurred.

We considered that the circumstances that led to the overpayment are unlikely to reoccur (we have not previously encountered such an error), and that it would also be unlikely for such an error to produce a material overpayment or underpayment, we therefore recommended no actions. |
| **ICT Infrastructure Plans - Substantial** | We found that the Council's ICT strategy and associated expenditure requirements are clearly set out. The strategy gives the Council's vision and plans for improving service delivery through better use of ICT. The strategy is underpinned by expenditure requirements, as set out in the ICT strategy and the 10 year IT Roadmap.

Further financial information on the cost of the strategy is included in a report the Corporate Policy and Resources Committee in December 2018. This shows the Council's commitment to spending around £1.75 million in the next five financial years to deliver a number of programmes identified in its ICT strategy. These include replacing their desktop estate with mobile devices, to aid their agile working policy, improving the ICT infrastructure and procuring new income management, financial management and customer relationship management systems, plus a refresh of servers and storage in the Cloud. |
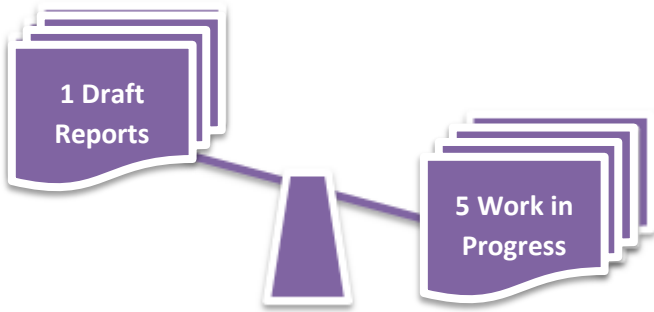
Audits reports at draft

We have one audit at draft report stage:

• Vulnerable Communities

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

Work in Progress

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

• Corporate Plan Delivery and the Golden Thread
• Project Management Review
• ICT – Members' Devices
• ICT – Public Services Network
• Key Controls – Financial Resilience

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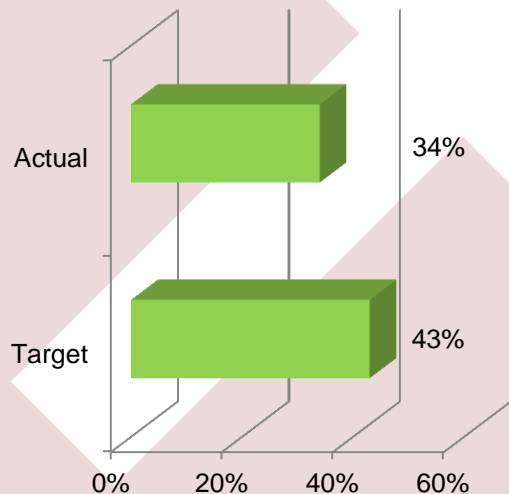
Performance on Key Indicators

100%
Rated our service Good to Excellent

High achievement of Audit KPI's to date

Delivery of Plan

Actual — 34%

Target — 43%

0%   20%   40%   60%

CIPFA Guidance

The institute is calling for the public sector to provide recognition, support and encouragement for heads of internal audit and their teams via 5 principles;

1. HIA's should champion best practise in governance, assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks.
2. HIA's should give an objective and evidence based opinion on all aspects of governance, risk management and internal control.
3. Must be a senior manager with regular and open engagement across the organisation.
4. Must lead and direct an internal audit service that is resourced to be fit for purpose.
5. Must be professionally qualified and suitably experienced.

https://www.publicfinance.co.uk/news/2019/04/cipfa-publishes-public-sector-internal-audit-advice

CIPFA Better Governance Forum- Audit Committee

This is a CIPFA statement around the role of the Head of Internal Audit in public sector organisations. The purpose of it is to assist the audit committee members in understanding the Head of Internal Audit and sets out the support that the audit committee should provide to that role.

https://cl-assets.public-i.tv/sandwell/document/07a___CIPFA_Audit_Committee_Update.pdf

The Orange Book- Management of Risk

A government published paper which explains the principles and concepts of risk management. It also highlights how risk can be split into 5 principles; governance and leadership, integration, collaboration, processes and continual improvement.

https://www.gov.uk/government/publications/orange-book

Guidance for Audit Committees- Cloud Services

This document provides guidance to audit committees about cloud services. It prompts questions that the audit committee members could ask those responsible their digital strategy.

https://www.nao.org.uk/wp-content/uploads/2019/04/Guidance-for-audit-committees-on-cloud-services.pdf

Assurance Lincolnshire wins award

The latest award won by Assurance Lincolnshire was the "Good Governance and Risk Management" at the Public Finance Awards 2019. This was for work on culture, value and ethics. We beat teams from the Police, Northern Ireland Water, The NHS, The Treasury and Transport for London.

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 at 31st August 2019

Activity	Issue Date	Assurance	Total recs	Recs Imp	Priority of Overdue Recommendations			Recs not due
					High	Medium	Low	
Corporate Plan	March 2019	Substantial	5	2		1		2
Customer First Programme	Nov 2018	Substantial	5	4		1		

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		Work In progress
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	Aug 2019		Work In progress
Vulnerable Communities	Review the Council's strategic and operational approach and management to address vulnerable communities in the district.	Q1 Apr – June 2019	June 2019		Draft Report
New Depot Project Support	Support the Council on project work to consider the future for the waste depot.	Q1 Apr – June 2019	May 2019		Work In Progress
Housing Benefits Subsidy	Test a sample of benefit cases to on behalf of the external auditor Mazars to provide assurance on the subsidy claimed by the Council.	Q2 July – Sept 2019	May 2019	July 2019	Final Report Substantial
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	Aug 2019		Work In Progress

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			Terms of Reference
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			Terms of Reference
Key Controls – Financial Resilience	Provide assurance that the Council has clear process and controls in place to manage financial resilience.	Q3 Oct – Dec 2019			Terms of Reference
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			